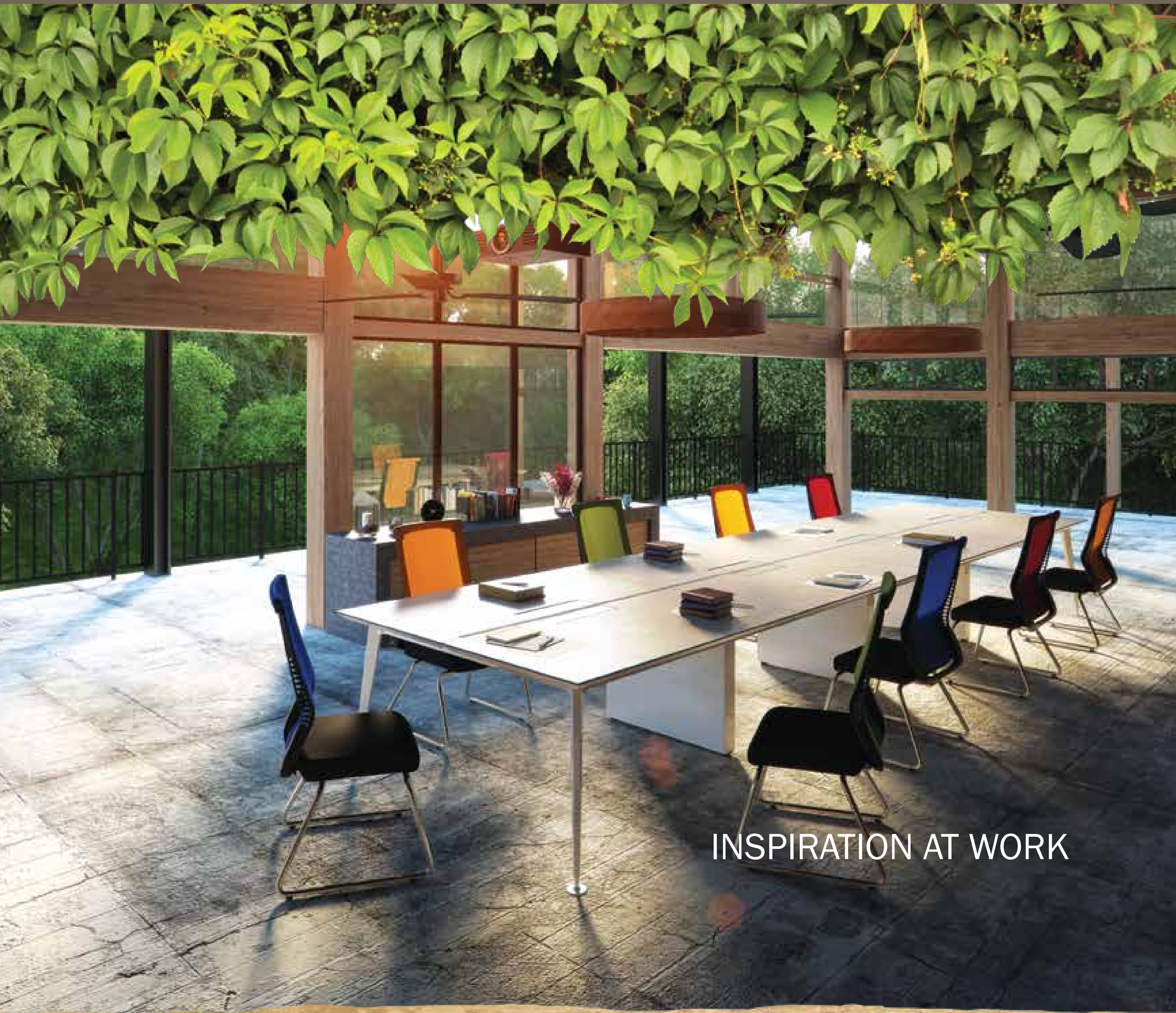


EURO Holdings Berhad
(646559-T)

annual report 2014

CONTENTS

VISION

Be a business partner to our customers so that we can help create workspaces that inspire people to produce their best.

MISSION

Provide work space consultancy as a value added service in addition to producing the highest quality range of products and services.

VALUES

Quality :

Understanding that in our business, no service or care for our customer is of value if our product is not of top quality.

Service :

Believing that the close of every sale should open up to the next and this comes with providing great service with our product.

Partnership :

We are not mere sales people peddling products. We strive to understand our customer's business thoroughly in order to provide them with solutions and not just products.

Corporate Information

BOARD OF DIRECTORS

Dato' Sri Mohd Haniff Bin Abd Aziz
Chairman, Independent Non-Executive Director

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
Independent Non-Executive Director

Dato' Tong Yun Mong
Executive Director

Tan Poh Ling
Independent Non-Executive Director

Kevin Sathiaseelan A/L Ramakrishnan
Independent Non-Executive Director

AUDIT COMMITTEE

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman

Tan Poh Ling
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

REMUNERATION COMMITTEE

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Chairman

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Member

Dato' Tong Yun Mong
Member

Tan Poh Ling
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

NOMINATION COMMITTEE

Tan Poh Ling
Chairman

Dato' Sri Mohd Haniff Bin Abdul Aziz
Member

Kevin Sathiaseelan A/L Ramakrishnan
Member

COMPANY SECRETARIES

Tan Tong Lang - MAICSA 7045482
Chong Voon Wah - MAICSA 7055003

REGISTERED OFFICE

Suite 10.03, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone No: (603) 2279 3080
Fax No: (603) 2279 3090
Email Address: admin@boardroom.com.my

HEAD OFFICE

Wisma Euro
Lot 21, Jalan RP3
Rawang Industrial Estate
48000 Rawang, Selangor Darul Ehsan
T : (603) 6092 6666
F : (603) 6092 5000
Email : corporate@eurochairs.com
Website : www.eurochairs.com

AUDITORS

Nexia SSY (A.F. 2009)
SSY Building @ Sentral
Level 1, 2A Jalan USJ Sentral 3
USJ Sentral, Persiaran Subang Jaya 1
47620 Subang Jaya
Selangor Darul Ehsan
T: (603) 8025 9793
F: (603) 8025 9803

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
T : (603) 2664 3883
F : (603) 2282 1886

PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Bhd (295409-T)
Hong Leong Bank Berhad (97141-X)
Ambank (M) Bhd (8515-D)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: EURO
Stock Code : 7208

Corporate Structure

100%
ECM
Euro Chairs Manufacturer (M) Sdn Bhd (164921-X)

100%
ESI
Euro Space Industries (M) Sdn Bhd (105420-W)

100%
ECS
Euro Chairs System Sdn Bhd (121935-M)

100%
ESS
Euro Space System Sdn Bhd (378220-D)

100%
ECSB
Euro Chairs (M) Sdn Bhd (204498-V)

100%
ESL
Eurosteel Line Sdn Bhd (890287-M)

75.76%
ES
Eurosteel System Sdn Bhd (885526-M)

100%
Euroland
Euroland & Development (M) Sdn Bhd (936529-K)

www.eurochairs.com

Directors' Profiles

From left to right:

1. Kevin Sathiaseelan A/L Ramakrishnan
2. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
3. Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
4. Dato' Sri Mohd Haniff Bin Abd Aziz
5. Dato' Tong Yun Mong
6. Tan Poh Ling

Directors' Profiles (continued)

Dato' Sri Mohd Haniff Bin Abd Aziz

Chairman, Non-independent and Non-Executive Director

Dato' Sri Mohd Haniff, a Malaysian aged 61, was appointed Chairman of EURO on 1 October 2004. He joined the Board of EURO as a Non-Independent and Non-Executive Director and was re-designated as Independent Non-Executive Director on 15 May 2015. He also sits on the Nomination Committee, appointed on 23 October 2014.

A graduate of the University of Malaya with a Bachelor of Economics (Honours) Degree, he has served the Ministry of International Trade and Industry (MITI) for nineteen years until his early retirement in 1994. During his tenure at MITI, he was Assistant Director of the Ministry from 1975 to 1978 before serving in the Permanent Mission of Malaysia to the United Nations in Geneva until 1981. Dato' Sri Mohd Haniff was then assigned as Malaysian Trade Commissioner to the Philippines for the next five years, and then to Thailand until 1991. He has also served as the Director of the Malaysian External Trade Development Corporation from 1991 to 1994. Currently, he is a board member of Jerasia Capital Berhad.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong

Group Managing Director

Dato' Sri Choong Yuen Keong, a 55-year old Malaysian, was appointed Non-Independent, Non-Executive director of EURO on 24 April 2007. On 29 February 2012, he has been re-designated as an Executive Director of the Company following his appointment as the Managing Director of a wholly-owned subsidiary in the property division. On 23 October 2014, he was appointed the Group Managing Director of EURO. He is also a member of the Remuneration Committee.

Dato' Sri Choong started his career in construction site management and after eleven years, he moved on to property development, where he served for more than twenty years. With his wealth of experience in civil engineering works, building construction and property development, he presently owns several property development companies. Spearheading the reputable Beverly Heights project in Kuala Lumpur since 2003, Dato' Sri Choong also ventures into a similar prestigious project in Penang which offers state-of-the-art living conditions, characterized by ultra-modern facilities. He does not hold other directorship in other public listed company.

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir

Independent Non-Executive Director

A Malaysian aged 68 and appointed Independent Non-Executive Director of EURO on 1 October 2004, Datuk Dr Syed Muhamad bin Syed Abdul Kadir also sits on the Audit Committee, appointed on 3 October 2004 and the Remuneration Committee, appointed on 28 February 2005. He graduated with a Bachelor of Arts degree from the University of Malaya in 1971 and obtained a Ph.D in Business Management from Virginia Polytechnic Institute and State University (USA) in 1986. In 2005, he obtained a Bachelor of Jurisprudence (Hons) degree from the University of Malaya and obtained a Certificate in legal practice in 2008. He was admitted as an Advocate and Solicitor of the High Court of Malaya in July, 2009. In November 2009, he completed his LLM (Corporate Law) degree from Universiti Teknologi Mara (UITM). In July 2011, he became a member of The Chartered Institute of Arbitrators, United Kingdom and in May 2012, became the fellow of the Institute.

Datuk Dr. Syed Muhamad started his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration (Intan) and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the position of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) of the Finance Division, Federal Treasury. From 1993 to 1997, he joined the Board of Directors of Asian Development Bank, Manila, Philippines, first as Alternate Executive Director and later as Executive Director. Datuk Dr. Syed Muhamad. then joined the Ministry of Finance as Secretary of Tax Analysis Division and later became Deputy Secretary (Operations). Prior to his retirement, he was Secretary General in the Ministry of Human Resource. Currently, Datuk Dr. Syed Muhamad is the Chairman of CIMB Islamic Berhad and CIMB Middle East BSC. He is also a director of CIMB Bank Berhad, Solution Engineering Holdings Berhad, BSL Corporation Berhad, ACR Re Takaful SEA Berhad and Malakoff Corporation Berhad. He also holds directorships in several private companies.

Tan Poh Ling
Independent Non-Executive Director

Tan Poh Ling, aged 44 was appointed as an Independent Non-Executive Director of EURO and the Audit Committee member on 21 January 2009. Currently, she is also the Chairman of the Nomination Committee and a member of the Remuneration Committee. Tan is professionally qualified as an Accountant and she is a member of the Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, Malaysian Institute of Taxation and Financial Planning Association of Malaysia.

She has more than 20 years of experience in the field of auditing, accounting, taxation, business advisory and corporate finance, encompassing professional firms, multi national companies and private companies. Currently, she is a partner of an audit firm. Tan Poh Ling does not hold any directorship in other public listed companies.

Dato' Tong Yun Mong
Executive Director

Dato' Tong Yun Mong, a Malaysian aged 60, was appointed Executive Director of EURO on 23 October 2014. He sits on the Remuneration Board, appointed on 11 November 2014.

Dato' Tong has more than twenty years of experience in property development, building construction, civil engineering works, earthworks and transportation of ready mix concrete plant. Besides his operational experience, he had also served as an Independent Non-Executive Director of a local public listed company from 1999 to 2012. Currently, he has interests in several property development companies.

He is the brother of Dato' Sri Choong Yuen Keong, the Group Managing Director and is also major shareholder of the Company. Dato' Tong does not hold any directorship in other public listed companies

Kevin Sathiaseelan A/L Ramakrishnan
Independent Non-Executive Director

Kevin Sathiaseelan A/L Ramakrishnan, a Malaysian aged 40, was appointed Independent Non-Executive Director of EURO on 23 October 2014. He is also a member of the Audit, Nomination and Remuneration Committees.

Kevin is a professionally qualified lawyer. He completed his LL.M, LL.B (Hons) London and obtained his Certificate of Legal Practice (CLP) in 2000. In 2001, he joined Syed Alwi, Ng & Co where he eventually became a Partner and Head of Litigation Department until 2009. Currently, he is the Managing Director of a law firm, Kevin & Co. Besides his experience in legal practice, he also lectures on a part time basis at Universiti Kebangsaan Malaysia, Help University and Kemayan ATC.

Kevin does not hold any directorship in other public listed companies.

1. *Save as disclosed above, none of the Directors have:*
   a. *any family relationship with any directors and/or substantial shareholders of the Company; and*
   b. *any conflict of interest with the Company*

2. *None of the Directors have any conviction for offences (other than traffic offences) within the past 10 years.*

Chairman's Statement

Dato' Sri Mohd Haniff Bin Abd Aziz
Chairman, Independent Non-Executive Director

ECONOMY & INDUSTRY REVIEW

In 2014, global economy survived another trying year. Growth picked up only marginally at 2.6%, from 2.5% in 2013. While the Eurozone did grow, it failed to gain momentum and capitalize. Many of Europe's traditional powerhouses continued to be affected by the economic malaise and suffered a setback in economic activities, especially towards the second half of 2014.

Closer to home, Japan's financial crisis lingered while China underwent a carefully managed slowdown. The United States and The United Kingdom however, did gain some traction. The former's revived robust demand was reflected as early as the first half of 2014, with an increase of 8% in imported furniture from Malaysia.

On the home front, there was reprieve as the economy expanded 5.8% in the fourth quarter of 2014, accelerating from a 5.6% growth reported in the third quarter, primarily driven by a rise in private consumption and investment. Private consumption grew by 7.8% year-on-year, supported by stable labour market conditions and continued wage growth.

There was continued fortification with the growth of private investment registering at 11.2%, which doubled the previous year's figure mainly due to an increase of spending in manufacturing and service sectors. While the economy did not roar back to life, it was recovering on a steady path.

In 2014, the export of furniture in Malaysia exceeded the RM8 billion mark, as it remains one of the largest exporters in the world.

CORPORATE DEVELOPMENT

On 2 September 2014, EURO received a conditional mandatory takeover offer from its Executive Director and two major shareholders to acquire the remaining 52.3% of the share capital that they did not already own ("Offer Shares"), for a cash consideration of RM0.44 per share.

The joint offerors, Executive Director and a major shareholder, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and two other major shareholders, Dato' Tong Yun Mong and Mr Tee Wee Sien, were to acquire all the remaining shares in EURO not already held by them, amounting to 42.394 million shares. On 14 October 2014, none of the Offer Shares has been received as acceptances or acquired/agreed to be acquired by the joint oferrors. The listed status of EURO Holdings Berhad remained unchanged.

FINANCIAL OVERVIEW

In FY2014, the significant improvement in exports generated a 9.2% increase in overall revenue. The revenue for FY2014 was recorded at RM106.1 million, compared to RM97.2 million in FY2013. Higher projects sales from ASEAN countries such as The Philippines and Indonesia contributed to this figure. The market recovery in India further enhanced sales. The significant appreciation of the US dollar helped to improve the Group's profit margin, but it also weakened our customers' buying power. Local demand was also lackluster in the absence of high-value projects, deteriorating further towards year-end, exacerbated by the uncertainties of the impending implementation of the goods and services tax (GST).

The profit before taxation registered at RM2.9 million for FY2014, against RM0.1 million in the previous year. Bouncing back from the loss after taxation of RM1.5 million in FY2013, EURO recorded RM2.4 million in profit after taxation in 2014. Earnings per share rose significantly from (2.01 sen) in 2013 to 2.97 sen in 2014, while net assets rose slightly from 81.93 sen per share from the previous fiscal year to 84.9 sen in 2014.

MARKETING

EURO made its annual appearance at the 2014 Malaysian International Furniture Fair (MIFF) at Putra World Trade Center in Kuala Lumpur in March, where we showcased our compact storage, desking design, and workstations with new finishing. In October 2014, EURO was featured at another world-stage in Germany by participating in Orgatec, an international trade fair for the Office, attended by 50,000 visitors from 120 countries. We took the opportunity to highlight the strength of our products, particularly in the area of quality and diversity.

OUTLOOK & PROSPECTS

Having successfully overcome the myriad of challenges in the past, I am confident that the Group will maintain its course on growth for the future. We will however, proceed with caution, given the challenges presented by the lingering European economy and the downward revisions of China's economy.

We have also mapped out various development and marketing plans to stay ahead of the game. Our property division is set to start work on its inaugural residential project, comprising of 322 units in Mukim Cheras in the second half of 2015. This entry point into the property development business will put the Group on a strong growth path for the future. The Board anticipates that property development activities will contribute positively to the Group's earnings and given the right opportunity, will continue to seek and acquire more property development projects.

The manufacturing arm hopes to continue reaping the benefits from the strength of the strong US dollar while improving international sales with our brand name. Going forward, the global economy is predicted to move upward in moderate and uneven path. Domestically, we expect to face further challenges as a result of the implementation of GST in April 2015.

2014 has been a year of change. As the Group underwent management reshuffling, the focus of the Board was to meet the challenges of our competitive market, remained committed in the business growth while securing the interest of our shareholders and stakeholders.

DIVIDENDS

The Board of Directors does not recommend any payment of dividend for the year ended 31 December 2014 to conserve cash for working capital requirements and expansion plans of the Group.

APPRECIATION

On behalf of the Board of Directors, I express our sincere thanks to all valued customers, suppliers and business associates for their loyal support in EURO.

As always, the success of the Company is testament to the hard work and commitment from the staff, the management team and my fellow Board members. I thank you for making EURO better in all that you do. As the economy takes a turn for the better, we will move forward together.

My heartiest congratulations to Dato' Sri Choong Yuen Keong @ Tong Yuen Keong in his appointment as the Group Managing Director in October 2014. As a member of the Board since 2007. Dato' Sri Choong will continue to provide invaluable insight and leadership, especially in his capacity as the Group Managing Director.

Last but not least, I would like to put on record my appreciation to the former Group Managing Director, Mr Lew Fatt Sin, who has stepped down and retired in October 2014. Mr Lew has contributed tirelessly to the Group and I wish him all the best in his future endeavours.

Dato' Sri Mohd Haniff Bin Abd Aziz
Chairman, Independent Non-Executive Director

Group Managing Director's Review of Operations

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Group Managing Director's Review of Operations (continued)

BUSINESS REVIEW

Since its inception in 1987, EURO has flourished into an international producer of office furniture with over 600 staff, and an established sales network that spans over five continents. It is therefore my honour to be appointed the Group Managing Director of EURO, as of October 2014.

The past year has proven to be advantageous to EURO, as Malaysia's furniture export exceeded RM8 billion; a figure not seen since 2012. The strong US dollar and growth spurts in some of the advanced economies have provided the much needed relief for the market to rejuvenate itself. Share of manufactured exports in 2014 has remained significant in generating revenue, as it made up 70% of EURO's export earnings.

EURO generated RM106.1 million in revenue in FY2014, with sales peaked in the first quarter of the year, recording a high of RM30.3 million, before gradually tapering off. Although EURO performed better in 4Q2013 on a quarter-to-quarter comparison, the overall FY2014 achieved a recorded profit after taxation of RM2.4 million. This is a much sought relief after the loss EURO suffered in 2013 and hopefully a presage of things to come.

DOMESTIC

The year-end thrust of 2013 steamrolled into the first quarter of FY2014 where the high demand was greatly welcomed by EURO. The push ebbed, as the market became softer with valued projects concentrating on infrastructure. As a result, EURO's domestic sales for FY2014 declined to RM33.5 million, a reduction of RM9.5 million from RM43 million in FY2013.

EXPORT

While the market remained sluggish, EURO's export sales witnessed one of the highest numbers in recent years. In 2014, EURO's revenue from supplying overseas demand recorded RM72.6 million. This 25% increase was the result of a combination of factors. There were significant sales improvement in India upon conclusion of the general election and more projects were rolled out as India continues with her economic recovery.

On the other hand, Middle East and Europe experienced setbacks due to volatile and declining oil price, and lingering economic stagnation but EURO was able to capitalize on various opportunities in other countries. EURO managed to successfully secure more projects to meet the expanding demands in The Philippines and Indonesia, which experienced rapid development growth.

EURO also benefited from our ODM efforts with international furniture manufacturers, with some of the contracts going full swing in FY2014. This has and will continue to be another avenue contributing to EURO's revenue.

PRODUCT LAUNCHES

EURO welcomed the following new products in 2014

- ALPS Workspace
  This range of product is enhanced with revolutionary acoustic features, to address the issue of space limitation in offices. It is designed to support diverse work modes, while allowing individual space and privacy for a conducive, reflective and creative environment.
- M6
  Created with style and health in mind, this office seating fits to the contours of a human body like a glove to ensure ergonomics, proper posture, stability and comfort.

OPERATION EXPANSION

The Group's subsidiary, Euroland & Development Sdn Bhd has entered the final stage to kick start its maiden project, comprising of 322 residential units in Mukim Cheras, Kuala Lumpur. Despite several delays, the team's determination has finally paid off and barring any unforeseen circumstances, this project is tentatively scheduled to launch in the second half of 2015.

EURO will continuously embark on structural reforms internally to further enhance and streamline our organizational structure and operational processes, while pressing forward with strategic investments for future. We believe that through this constant work-in-progress of standardizations and upgrades, we will see further operational growth.

LOOKING FORWARD

The global economy for 2015 is projected to be between 3.5% and 3.7%, which is approximately a 0.3% downward revision from the year before. This is based on the downward reassessment of prospects in China, Russia, Europe, and Japan, as well as weaker activities in some major oil exporters because of the fluctuating oil prices. The United States is the only major economy with strong growth prospects and this does not augur well with buoyant market demand.

Here at home, the 6% growth in 2014 was the result of perky private consumption and strong exports. The 4-year high, while encouraging, is expected to slow down in 2015. The recently implemented goods and services tax will likely curb household consumption, while low oil prices will continue to adversely impact export performance.

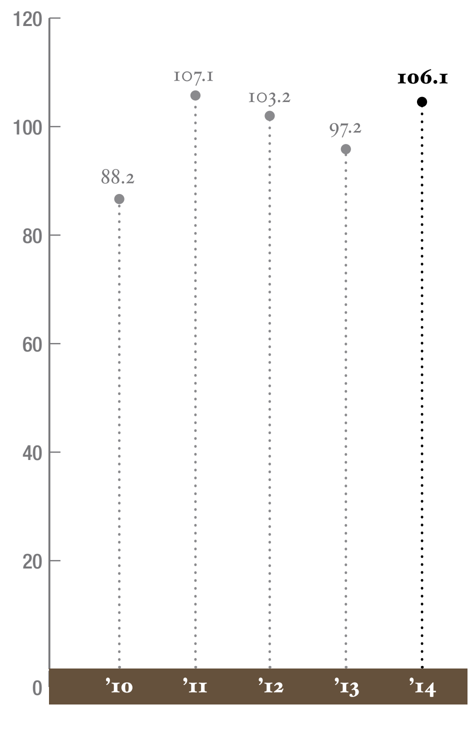
Against the current economic backdrop, EURO will continue to leverage on research and development, applying those insights to improve our global and regional products. The Group will be vigilant and develop strategies to respond accordingly to the changing business dynamics, whilst sustaining top and bottom-line growth. As an employer, EURO will seek to understand the future of work, employees and workplace, and strive to be proactive in staying ahead. By translating our knowledge into solutions, we create value for our customers.

EURO has finished the year strong, delivering a steady cash-flow performance while continuing to secure forward sales. I am delighted for this chance at the helm of a dynamic group with such a rich history and potential. Together with my fellow Board members, I sincerely thank you for your strong and unwavering support and we look forward in sharing our continued success.

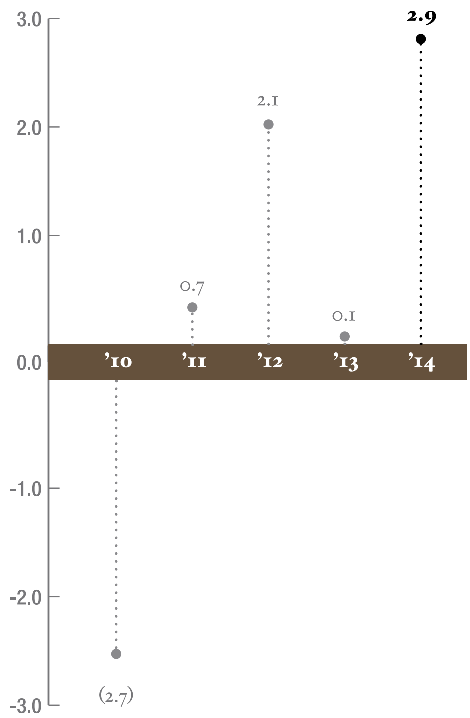
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Group Managing Director

Group Financial Highlights

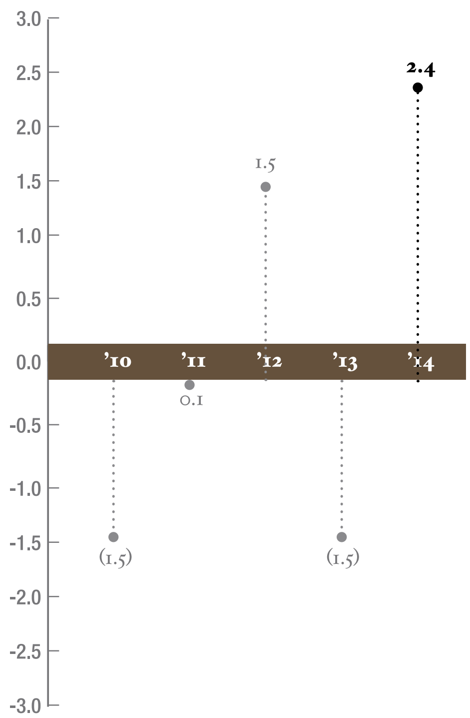
Revenue (RM' million)



PBT/(Loss) before taxation (RM' million)



PAT/(Loss) after taxation (RM' million)



	2014	2013	2012	2011	2010
Operating Results (RM'000)					
Revenue	106,113	97,215	103,172	107,076	88,207
EBITDA	9,974	7,329	9,399	7,896	2,625
PBT/(Loss) before taxation	2,884	121	2,100	725	(2,745)
PAT/(Loss) after taxation	2,372	(1,468)	1,472	125	(1,527)
Net profit attributable to equity holders	2,409	(1,630)	1,472	125	(1,527)
Key Data of Statement on Financial Position (RM'000)					
Total assets	120,308	123,939	129,059	131,533	119,169
Net borrowings	24,818	34,469	36,917	36,234	30,472
Shareholders' equity	68,769	66,360	67,890	66,418	66,293
Share Information & Key Financial Ratios					
Return on equity (%)	3.45	(2.21)	2.17	0.19	(2.30)
Return on total assets (%)	1.97	(1.18)	1.14	0.10	(1.28)
Gearing ratio (times)	0.36	0.52	0.54	0.55	0.46
Interest cover (times)	2.59	1.06	1.99	1.36	(2.31)
PE ratio (times)	18.49	(18.63)	15.96	174.96	(19.10)
Earnings per share attributable to equity holders (sen)	2.97	(2.01)	1.82	0.15	(1.89)
Net asset per share (sen)	84.90	81.93	83.81	82.00	81.84
Share price as at financial year end (sen)	55.0	37.5	29.0	27.0	36.0

The Board of Directors of Euro Holdings Berhad ("the Board") believes that good corporate governance is fundamental to ensure the Group's long-term sustainability and good business performance of the organization. Therefore, the Board is committed to ensuring the highest standards of Corporate Governance are practiced throughout Euro Holdings Berhad ("EURO" or the "Company"), as a fundamental part of discharging its responsibilities to create and enhance economic value for its shareholders as well as other stakeholders.

This statement sets out the commitment and describes how the Group has applied the principles towards the following guides:

- Companies Act, 1965 ("CA 1965");
- Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities");
- Malaysian Code on Corporate Governance 2012 (the MCCG 2012")
- Second Edition of Corporate Governance Guide issued by Bursa Securities

Save where otherwise identified specifically, EURO has complied with the above-mentioned requirements and/or guides throughout the financial year under review.

SECTION 1: THE BOARD OF DIRECTORS

The Board is collectively responsible for promoting the success of the EURO Group ("the Group") by directing and supervising its affairs. The key responsibilities include the primary responsibilities prescribed under the Best Practices Provision AA I in Part 2 of the Code. These cover a review of the strategic direction for the Group and overseeing the business operations of the Group, evaluating whether these are being properly managed.

Board Duties and Responsibilities

The Board retains full and effective control over the affairs of the Group and the Company. This includes responsibility for determining the Group's and the Company's development and overall strategies direction which are as follows:

- reviewing and providing guidance on the Company's and Group's corporate strategy and adopting a strategic plan for the Company through the development of risk policy, annual budgets and long range business plans, reviewing major capital expenditures, acquisitions and disposals;
- monitoring corporate performance and the conduct of the Group's business and to ensure compliances to best practices and principles of corporate governance;
- identifying and implementing appropriate system to manage principal risks. The Board undertakes this responsibility through the Audit Committee;
- ensuring and reviewing the adequacy and soundness of the Group's financial system, internal control systems and management information system are in compliance with the applicable standards, laws and regulations;
- ensuring a transparent Board nomination and remuneration process including management, ensuring the skills and experiences of the Directors are adequate for discharging their responsibilities whilst the calibre of the Non-Executive Directors bring an independent judgment in the decision making process;
- ensuring a proper succession plan is in place;
- monitoring material litigations (if any);
- approving all financial reports to be published and related stock exchange announcements;

SECTION 1: THE BOARD OF DIRECTORS (continued)

Board Duties and Responsibilities (continued)

- monitoring other material reporting and external communications by the Group;
- approving the dividend policy and payment of dividends;
- appointing external auditors (subject to shareholder's approval); and
- evaluating and reviewing the social, ethical and environmental impact of the Group's activities and determining, monitoring and reviewing standards and policies to guide the Group in this regard.

Board Charter

The Company has formalised a Board Charter which sets out a list of specific roles and functions which are reserved to the Board and other matters that are important for good corporate governance. The Board Charter also stated that the Board shall observe the Directors' Code of Best Practice.

The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as development in rules and regulations that may have an impact on the Board's responsibilities. The Board Charter is accessible through the Company's website at *www.eurochairs.com*

Composition and Balance

The current Board of Directors consists of an Independent Non-Executive Chairman, a Group Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The Company complies with the criteria of the MMLR of Bursa Securities, of having at least one third or two of the board members as Independent Non-Executive Directors. The profile of each Director is presented on page 8 to page 9 of this Annual Report.

The board believes that the current composition and size is adequate to discharge its duties and responsibilities effectively and competently. The Board members have diverse professional and entrepreneurial background, varied skills and experiences. The Independent Non-Executive Directors provide the necessary check and balance in the Board's exercise of its functions and independent evaluation of the Board's decision making process. The Board has a female representative in accordance with the recommendation of the Code with regards to female representation.

The Board recognises the importance of a clear division of roles and responsibilities at the head of the Group to ensure a balance of power and authority. The Non-Executive Chairman is primarily responsible for orderly conduct and effective running of the Board, whilst the Executive Directors are responsible for the business direction and development of the operating units, organisational effectiveness and implementation of the Board's policies and decisions with the Management team oversees the Group's day-to-day operations.

SECTION 1: THE BOARD OF DIRECTORS (continued)

Annual Assessment of Independence

The Company currently has four (4) independent directors. All independent directors have provided an annual confirmation of their independence to the Board. During the financial year under review, the Board had assessed the contribution and performance of the Independent Non-Executive Directors. The Board was satisfied that none of the independent directors had any relationships that could materially interfere with, or perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company.

Datuk Dr Syed Muhamad Bin Syed Abdul Kadir was appointed as Independent Non-Executive Director since 1 October 2004. Pursuant to Recommendation 3.2 of MCCG 2014, he has served as an Independent Director of EURO for a cumulative period of more than nine (9) years.

Pursuant to Recommendation 3.3 of MCCG 2014, and notwithstanding his long tenure in office, the Board based on the review and recommendations made by the Nomination Committee is unanimous in its opinion that Datuk Dr Syed Muhamad Bin Syed Abdul Kadir possesses the attributes necessary in discharging his role and functions as an Independent Director of the Company and that his independence has not been compromised or impaired in any way after having noted that during his tenure in office:

- he exercises due care in all undertakings of the Group and in his fiduciary duties in the interest of the Company and minority shareholders;
- he has not developed, established or maintained any significant relationship which would impair his independence as an Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level, consistent and expected of him to carry out his duties as Independent Non-Executive Director, Chairman or member of the Board's Committees;
- he has never transacted or entered into any transactions with, nor provided and services to the Company and its subsidiaries, within the scope and meaning set forth under Paragraph 5 of Practice Note 13 of the MMLR; and
- he has not been granted any options by the Company, other than Director's fees and allowances paid which has been an industry norm and within acceptable market rates, duly disclosed in the Annual Reports. No other incentives or benefits of whatsoever nature had been paid to him by the Company.

Accordingly, the Board recommends to retain Datuk Dr Syed Muhamad Bin Syed Abdul Kadir as an Independent Non-Executive Director of the Company despite the expiry of his nine (9) year tenure in office and will be proposing an Ordinary Resolution to the shareholders at the forthcoming Annual General Meeting for the said purpose.

The independence assessment of the Board shall be performed on an annual basis.

SECTION 1: THE BOARD OF DIRECTORS (continued)

Board Meetings

Board Meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of six (6) times. The attendance of the Directors who held office during the financial year is set out below:

Name of Directors	Attendance at meeting	Percentage of Attendance (%)
Dato' Sri Mohd Haniff Bin Abdul Aziz	6/6	100
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	6/6	100
Dato' Tong Yun Mong (1)	1/1	100
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	6/6	100
Tan Poh Ling	6/6	100
Kevin Sathiaseelan A/L Ramakrishnan (1)	1/1	100
Lew Fatt Sin (2)	4/5	80
Law Sim Shee (2)	4/5	80
Teh Hock Toh (2)	5/5	100
Lew Hin (2)	5/5	100
Foong Yein Teng (2)	5/5	100
Ng Wai Pin (2)	5/5	100
Pua Kah Ho (2)	5/5	100

Note:
(1) Appointed w.e.f. 23 October 2014
(2)Resigned w.e.f. 23 October 2014

Supply of Information

All directors are given complete and timely information before each Board Meeting to be convened together with an agenda and a set of Board papers, including information on financial, operational and corporate matters. Board papers are circulated within sufficient time to enable Directors to obtain further explanation, if necessary, in order to be properly briefed before each meeting.

At least four (4) Board Meetings are held annually, each meeting being scheduled to be held within two (2) months after each quarter to consider the quarterly financial results and to review operational performance. Additional meetings are convened as and when necessary.

All Directors, whether as a full Board or in their individual capacity, have access to the advice of the Company Secretary and management staff. Where considered necessary, the Board may also engage the services of Independent Professional Advisors on specialized issues in furtherance of their duties.

Appointment of Directors

The Nomination Committee is responsible for recommending to the Board suitable candidate(s) for appointment as new Directors. In making these recommendations, factors such as mix of skills, experience, expertise and contribution to the Company will be considered before the recommendation for appointment of the proposed director is put forward to the Board for consideration and approval.

SECTION 1: THE BOARD OF DIRECTORS (continued)

Re–Election

In accordance with the Articles of Association and in compliance with the MMLR, all Directors are required to retire from office once at least in each three (3) years, and shall be eligible for re-election. The Articles of Association also require that at least one third (1/3) of the Board of Directors shall retire at each Annual General meeting and may offer themselves for re-election.

Directors' Remuneration

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The Remuneration Committee is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of these Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2014 are as follows:

Aggregate Remuneration categorized into appropriate components:

	Fees (RM'000)	Salaries and Allowances, inclusive of EPF contributions (RM'000)	Bonus (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors	-	1,740	115	237	2,092
Non-Executive Directors	208	-	-	28	236
Total	208	1,740	115	265	2,328

Remuneration Bands

Range of Remuneration	Executive Directors	Non-Executive Directors	Total
RM1 - RM50,000	-	5	5
RM100,001 - RM150,000	1	1	2
RM250,001 - RM300,000	2	-	2
RM300,001 - RM350,000	3	-	3
RM500,001 - RM550,000	1	-	1
Total	7	6	13

Note:

1. *For security and confidentiality reasons, the details of Directors' remuneration are not shown with reference to individual Director. The Board is on the view that the transparency and accountability aspects of the corporate governance on Directors' remuneration are appropriately served by the band disclosure made.*

SECTION 1: THE BOARD OF DIRECTORS (continued)

Directors' Training and Education

All Directors appointed to the Board had attended the Mandatory Accreditation Programme accredited by Bursa Securities. The Board will evaluate the Directors' training needs and attend other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group.

During the year, the Directors have pursued relevant courses and seminars to keep abreast with industry, regulatory and compliance issues, trends and best practices. Conferences, seminars and training programmes attended by the Directors in 2014 are as follows:

Particulars of training programmes attended by the Directors are as follows:

Seminar / Conference / Workshop	Details of Programme
Corporate Governance	• Launch of Guides for Malaysian Listed Companies • Risk Posture Workshop with Group BRC and 3FIs BRC (Combined) • Advocacy Sessions on Corporate Disclosure for Directors • Directors Remuneration Study Survey 2014 by FIDE – Directors Interview
Roles of an Effective Board	• MINDA-Guest Panel to Co-Facilitate the Boardroom Simulation Programmes • MINDA Breakfast Talk "Great Companies Deserve Great Boards" with Beverly A. Behan
Management	• Women's Director Convention 2014
Accounting and Economics	• Kementerian Sumber Manusia – "Implementation of Minimum Wages: Lesson Learnt from Asean Member States" • Khazanah Megatrends Forum 2014 • GST Insight* • Understanding GST, HS Impact and related Implementation Issues • GST for Manufacturers, Exporters, Importers and Retailers by Globalacc • Preparing for GST in Malaysia • Malaysian Accounting Standards Board (MASB) Roundtable Discussion on Financial Reporting • Invest Malaysia 2014 • Derivative Trading, Global Trends and Moving Forward • Anti-Money Laundering & Anti-Terrorism Financing Updates for Directors • Khazanah Global Lectures • MIA International Accountants Conference 2014 • Latest Development in the Malaysian Financial Reporting Standards/ IFRS and IC Interpretations – An Overview • 2014 Global Market Outlook • Conference at Law Society of England & Wales with Bar Council delegates. • Dialogue with GSR @ KLRCA

**An in-house training provided by an external training provider for the BOD on 23 June 2014*

SECTION 2:
COMMITTEES OF THE BOARD

The Board had delegated certain responsibilities and duties to three (3) Board Committees which operate within clearly defined terms and reference to assist the Board in the running of the Group. This is to allow the members of the Board Committees to deliberate and examine issues in greater details and subsequently recommend and report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board Committees for the financial year under review are as follows:

Audit Committee

The Audit Committee has been established since February 2005. It comprises of three (3) independent Non-Executive Directors as at the end of the year. The members of the Audit Committee who served during the financial year are:

- **Datuk Dr Syed Muhamad Bin Syed Abdul Kadir**
  Chairman, Independent Non-Executive Director

- **Tan Poh Ling**
  Member, Independent Non-Executive Director

- **Kevin Sathiaseelan A/L Ramakrishnan** (2)
  Member, Independent Non-Executive Director

- **Ng Wai Pin** (1)
  Member, Independent Non-Executive Director

Notes:
(1) Resigned w.e.f 23 October 2014
(2) Appointed w.e.f. 23 October 2014

The responsibilities, detailed term of reference and the activities of the Audit Committee during the financial year are set out separately in the Audit Committee Report on page 29 to page 33 of this Annual Report.

SECTION 2: (continued)

COMMITTEES OF THE BOARD (continued)

Nomination Committee

The Nomination Committee was established in February 2005. The Committee shall be responsible of nominating the appropriate Board balance and size as well as ensuring that the Board possesses the required mix of responsibilities, skills and experience. The Nomination Committee shall conduct a review of the mix of skills, independence, experience and other core competencies for the Board on an annual basis. The members of the Nomination Committee who served during the financial year are:

- **Pua Kah Ho** (1)
  Chairman, Independent Non-Executive Director
- **Tan Poh Ling** (2)
  Chairman, Independent Non-Executive Director
- **Dato' Sri Mohd Haniff Bin Abdul Aziz** (3)
  Member, Independent Non-Executive Chairman
- **Kevin Sathiaseelan A/L Ramakrishnan** (3)
  Member, Independent Non-Executive Director
- **Ng Wai Pin** (1)
  Member, Independent Non-Executive Director

Notes:
(1) Resigned w.e.f. 23 October 2014
(2) Re-designated from member to Chairman w.e.f. 23 October 2014
(3) Appointed w.e.f. 23 October 2014

Remuneration Committee

In line with the Best Practices of the Code, the Board has set up a Remuneration Committee in February 2005 to assist the Board in determining the Director's remuneration. The Committee meets at least once a year. The members of the Remuneration Committee who served during the financial year are:

- **Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir**
  Chairman, Independent Non-Executive Director
- **Dato' Sri Choong Yuen Keong @ Tong Yuen Keong** (2)
  Member, Group Managing Director
- **Dato' Tong Yun Mong** (3)
  Member, Executive Director
- **Tan Poh Ling** (2)
  Member, Independent Non-Executive Director
- **Kevin Sathiaseelan A/L Ramakrishnan** (3)
  Member, Independent Non-Executive Director
- **Lew Fatt Sin** (1)
  Member, Group Managing Director
- **Ng Wai Pin** (1)
  Member, Independent Non-Executive Director

Notes:
(1) Resigned w.e.f 23 October 2014
(2) Appointed w.e.f. 23 October 2014
(3) Appointed w.e.f. 11 November 2014

SECTION 3: SHAREHOLDERS

Investor Relations and Shareholders Communication

Recognizing the importance of transparency and the need for timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensure that the shareholders and other stakeholders are well informed of all important issues and major developments of the Company and the information is communicated to them through the following documents:

- Annual Report
- The various disclosures and announcements made to Bursa Securities including the Quarterly Reports and Annual Financial Statements
- Circulars to Shareholders
- Shareholders may obtain the Company's latest announcements via the Bursa Securities' website at www.bursamalaysia.com
- The Company's investors relation site via the Company's website at *www.eurochairs.com*

Annual General Meeting ("AGM")

Notice of AGM which is contained in the Annual Report is sent out at least twenty-one (21) days prior to the date of the meeting. There will be commentary by the Chairman at the AGM regarding the Company's performance for each financial year and a brief review on current business conditions. At each AGM, a platform is available to shareholders to participate in the question and answer session. Extraordinary General Meetings ("EGM") are held when required.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors are responsible to ensure that financial statements prepared are drawn up in accordance with the provision of the Companies Act 1965 and Applicable Accounting Standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies and applied them consistently, supported by reasonable judgements and estimates.

The quarterly results were reviewed by the Audit Committee and approved by the Board before being released to Bursa Securities. By presenting the quarterly results and financial statements, the Company is mindful of the necessity to present a balanced assessment of the Group's financial position. The details of the Group's and the Company's financial statements for the financial year ended 31 December 2014 can be found on pages 44 to 94 of the Annual Report.

Risk Management and Internal Control

Information on the Group's risk management and internal control is presented in the Statement on Risk Management and Internal Control on pages 34 to 35 of this annual report.

Relationship with the Auditors

The Board via the Audit Committee maintains an appropriate and transparent relationship with the Group's external auditors. The Audit committee meets with the external auditors twice a year to review audit plans, audit findings and to facilitate exchange of views on issues requiring attention. The Audit Committee also meets the external auditors twice a year without the presence of the executive directors and management: The role of Audit Committee in relation to the auditors is described in the Audit Committee Report set out on page 29 to page 33 of this Annual Report.

SECTION 4: ACCOUNTABILITY AND AUDIT (continued)

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible to take reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year then ended. In preparing the financial statements of the Group and the Company for the year ended 31 December 2014, the Board of Directors has:

- adopted suitable accounting policies and applied them consistently;
- where applicable, made judgments and estimates that are reasonable and prudent;
- ensured that applicable approved accounting standards have been followed; and
- prepared the annual financial statement on a going concern basis

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and irregularities.

Corporate Responsibility ("CSR")

The Group, whilst pursuing its commitment to the stakeholders, is also consciously focusing its efforts on the effective development of CSR Governance. The Group undertook various steps to play its part in contributing to the welfare of the society and communities in the environment it operates in. The Group recognizes that for long term sustainability, its strategic orientation will need to look beyond the financial parameters and strike a balance between business profitability and corporate social responsibility. Hence, the Group supports important causes such as environmental preservation, donation to the needy, community services, promoting a healthy and safety culture within our organization and human capital development.

With the success of the CSR initiatives in the previous years, the Group continues to strengthen its CSR commitment in 2014.

Environmental Preservation

EURO is mindful of the direct impact of our business have on the environment and remains committed in the environmental preservation through the creation and provision of long-term sustainable solutions. The Group's on-going activities focus on minimizing wastages and various forms of pollution, usage of non-hazardous and environment-friendly materials as well as recycling of materials, where permissible.

Various environmental best practices and preservation initiatives are constantly being implemented and carried out at our production plants with eco-friendly operations to help us use less to make the most of what we have. The continuous promotion of GREENGUARD Certification and low emitting products further demonstrates EURO's commitment to our long term "GO GREEN" strategy.

SECTION 4: ACCOUNTABILITY AND AUDIT (continued)

The Community

EURO continues to focus and remain committed through various CSR initiatives to the community. The Group steps up to serve the community, particularly where it operates and strives to make positive contributions, where needed. In 2014, the Group's initiatives included:

- Contribution of funds and office furniture to various social enterprises and charitable organizations
- sponsorship made to events of various non-profitable organizations and associations
- organising blood donation drive for our employees and some of our business associates to the National Blood Bank
- participation in the security committee within our industrial zone, to safeguard the safety and interest of our employees and workplace
- recruitment of fresh graduates and interns to undergo practical training, aimed to equip them with invaluable skills and experience for better employment opportunities

Workplace Development

EURO recognizes the importance to equip the management and staff with the right skills and knowledge to be competent in discharging their duties well and professionally. The Group continuously provides employees with the necessary internal and external trainings, both in technical as well as soft skills for an overall balance human capital development.

EURO also provides adequate medical & health care insurance, other general insurance and leave compensation programmes which commensurate with the employee's rank and level of employment. The Group also held various health activities including health screening checks, audiometric testing and medical benefit management talk at the workplace to encourage staff to take charge of their health.

In promotion of a healthy and balanced lifestyle for our employees, the Group also organized annual dinner, sport activities and social events designed to create greater unity, teamwork and rapport amongst employees.

EURO continues to maintain a safe and healthy working environment for all employees through various measures. The manufacturing division has adopted and adhered to the guidelines on public safety and health issued by the Department of Occupational Safety and Health at our production plants. The manufacturing division is also ISO 14001 and OHSAS 18001 certified.

ADDITIONAL COMPLIANCE INFORMATION

The following disclosures are made in accordance with Part A of Appendix 9C of the MMLR of Bursa Securities.

Utilization of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2014.

Share Buy-back

The Company had at its Tenth Annual General Meeting held on 23 June 2014, obtained its shareholders' renewal mandate to purchase its own shares of up to ten (10%) of the issued and paid-up share capital of the Company.

The Company did not carry out any share buy-back during the financial year.

The Company will seek a renewal of the mandate from its shareholders for the purchase of its own shares at the forthcoming Annual General Meeting to be held on 25 June 2015.

Options, Warrants or Convertible Securities

There is neither exercise of Options or Convertible Securities nor conversion of warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions/Penalties

There were no material sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-Audit Fees

The amount of non-audit fees paid and payable to external auditors by the Group for the financial year ended 31 December 2014 amounted to RM6,000.

Variation in Results

There is no material variance between the audited financial results and the unaudited results previously made for the financial year ended 31 December 2014.

Profit Estimate, Forecast or Guarantee

There was no profit estimate, forecast or guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts outside the ordinary course of business entered into by the Company and its subsidiaries involving Director's and major shareholder's interest which were still subsisting at the end of the financial year or entered into since the end of the previous financial year.

Revaluation of Landed Properties

The Company and its subsidiaries did not adopt any revaluation policy on landed properties during the financial year.

Recurrent Related Party Transactions

At the Tenth Annual General Meeting of the Company held on 23 June 2014, the Company had obtained the approval of shareholders for the renewal of the shareholders' mandate and proposed new shareholders' mandate to enter into recurrent related party transactions ("RRPTs) of a revenue or trading nature, which are necessary for its day-to-day operations and in the ordinary course of its business, with related parties.

The said mandates took effect on 24 June 2014 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company. The details of the RRPTs conducted during the financial year ended 31 December 2014 pursuant to the shareholders' mandates are disclosed in Note 26 to the Financial Statements.

Audit Committee Report

MEMBERSHIP AND MEETINGS

The Audit Committee ("the Committee") was established on 3 October 2004. The members who had served during the financial year ended 31 December 2014 and their respective designations are as follows:

i. Datuk Dr Syed Muhamad Bin Syed Abdul Kadir
Chairman, Independent Non-Executive Director

ii. Tan Poh Ling
Member, Independent Non-Executive Director

iii. Kevin Sathiaseelan A/L Ramakrishnan (appointed w.e.f. 23 October 2014)
Member, Independent Non-Executive Director

iv. Ng Wai Pin (resigned w.e.f. 23 October 2014)
Member, Independent Non-Executive Director

The Audit Committee met five (5) times during the financial year ended 31 December 2014. The details of attendance of each member at the meetings were as follows:-

Committee Members Meeting Attendance

Name of Audit Committee Members	Attendance at meeting	Percentage of attendance (%)
Datuk Dr Syed Muhamad Bin Syed Abdul Kadir	5/5	100
Tan Poh Ling	5/5	100
Kevin Sathiaseelan A/L Ramakrishnan	1/1	100
Ng Wai Pin	4/4	100

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Membership

The Audit Committee shall be appointed by the Directors from amongst their numbers (pursuant to a resolution of the Board of Directors) and shall be composed of not fewer than three (3) members, all of whom shall be non-executive directors with the majority being independent directors.

Qualification

At least one member of the Audit Committee:

i. must be a member of the Malaysian Institute of Accountants; or

ii. if he/she is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967

iii. fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Qualification (continued)

The members of the Audit Committee shall elect a chairman from among their members who is an Independent Director.

In the event the elected Chairman is not able to attend a meeting of the Audit Committee, a member of the Audit Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Board of Directors so that a replacement may be appointed before he leaves.

If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member, which results in the number of members be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

The term of office and performance of the Audit Committee and each of the members shall be reviewed by the Board at least once every three (3) years to determine whether the Audit Committee and its members have carried out their duties in accordance with their terms of reference.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall:-

i. have explicit authority to investigate any matters within its terms of reference;

ii. have the resources which it needs to perform its duties;

iii. have full access to any information pertaining to the Company which it requires in the course of performing its duties;

iv. have unrestricted access to the Group Managing Director and any other senior management staff of the Group;

v. have direct communication channels with the external auditors and internal auditors;

vi. be able to obtain independent professional or other advice in the performance of its duties at the cost of the Company; and

vii. be able to convene meetings with the external auditors excluding the attendance of the executive directors or management of the Company, whenever deemed necessary.

Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Audit Committee shall promptly report such matter to Bursa Securities.

Responsibilities and Duties

The duties and functions of the Audit Committee are as follows:-

i. to assess and review the nomination of external auditors, the audit fee and any questions of resignation or dismissal;

ii. to review the adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;

iii. to discuss with the external auditor before the audit commences, the nature and scope of the audit

iv. approve any appointment or termination of the internal auditor;

v. to review the effectiveness and the adequacy of the scope, functions, competency and work resources of the internal audit functions and that it has the authority to carry out its work;

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Responsibilities and Duties (continued)

vi. review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function and to report to the Board accordingly;

vii. take cognizance of resignation of internal auditor and provide the resigning internal auditor an opportunity to submit reasons for resigning;

viii. to review the effectiveness of the internal control and management information systems;

ix. to review the quarterly results and year-end financial statements of the Company with both the external auditors, if applicable, and management, prior to the approval by the Board of Directors, focusing particularly on:-

- changes in or implementation of major accounting policies and practices;
- major judgemental areas, significant and unusual events;
- significant adjustments arising from the audit;
- the going concern assumption; and
- compliance with applicable accounting standards, MMLR and other legal and statutory requirements;

x. to review the external auditors' audit report;

xi. to review any management letter sent by the external auditors to the Company and the management's response to such letter;

xii. to convene meetings with the external auditors, the internal auditors, excluding the attendance of other directors and employees of the Company on problems and reservations arising from the audits, and any matter the auditors may wish to discuss;

xiii. to review the assistance given by the Company's officers to the external auditors;

xiv. to provide any regulatory authorities with such information concerning the Group in such form and within such time limits as the authorities may require;

xv. to ensure strict compliance by the Group with the MMLR and all relevant legislations, guidelines and regulations issued by regulatory authorities;

xvi. to review proposals and implement action plans to effect proposals to meet and maintain required standards and guidelines;

xvii. to review all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;

xviii. to review all related-party transactions and potential conflict of interests situations; and

xix. to consider other areas as defined by the Board.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE (continued)

Meeting and Minutes

The Audit Committee shall meet at least four (4) times a year and such additional meetings, as the Chairman shall decide in order to fulfill its duties. Upon the request of the Committee members, external auditors or internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

The Company Secretary or other appropriate senior official shall act as Secretary of the Audit Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the committee members prior to each meeting and taking attendance for the Audit Committee meeting. The Secretary shall also be responsible for keeping the minutes of Audit Committee and circulating them to committee members and to the other members of the Board of Directors.

A quorum shall consist of a minimum of two (2) audit committee members and the majority of the members present must be independent directors.

The Group Chief Financial Officer, representatives of the internal and external auditors shall normally attend meetings. Other board members and employees may attend the Audit Committee Meetings upon the invitation of the Audit Committee specific to the relevant meetings. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee. The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be contentiously hampered by their presence or confidentiality of matters needed to be preserved.

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year ended 31 December 2014 in discharge of their duties:-

i. reviewed the quarterly financial results announcements for each quarter of the Group to ensure the Company's compliance with the MMLR, applicable approved accounting standards and other legal and regulatory requirements, prior to recommending them for the Board of Director's consideration and approval;

ii. reviewed the external auditors' fees, scope of work and audit strategy and plans for the financial year prior to the commencement of audit and evaluated the performance of the external auditors and recommending the appointment at the Annual General Meeting;

iii. reviewed and discussed the annual audited financial statements of the Group and the Company with the external auditors and management prior to submission to the Board of Directors for their approval;

iv. discussion with the external auditors on new adoption and new issuance (if any) of the Financial Reporting Standards in Malaysia and its impact to the Group's and Company's financial statements;

v. discussed significant audit findings in respect of the financial statements and accounting principles and standards that were applied and their judgement of the items that may affect the financial statements of the Group with the external auditors;

vi. reviewed with the external auditors, their audit report and management's response;

vii. reviewed the internal audit scope, programmes and plans to ensure adequate scope and comprehensive coverage of the activities of the Group and to determine the internal auditors' fees for the financial year under review;

viii. reviewed the effectiveness of the audit process for the year and assessed the performance of the internal audit functions;

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (continued)

ix. reviewed the internal auditor's reports which were tabled during the year, on the state of the internal control of the Company, the audit recommendations made and management's response to these recommendations. Where appropriate, the Committee has directed management to rectify and improve control and workflow procedures based on the internal auditors' recommendations and suggestions for improvement;

x. reviewed the Statement on Risk Management and Internal Control;

xi. reviewed related party transactions entered into by the Company and the Group for compliance with the MMLR; and

xii. reviewed risk management process and updates from the management on the existence of mitigating controls and action plans identified to mitigate the business risks identified.

INTERNAL AUDIT FUNCTION

The Audit Committee, on behalf of the Board, assumes the responsibility to review and monitor the effectiveness as well as the adequacy of the Group's internal control system. The Group has outsourced the internal audit function to an external consultant firm, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The principal role of the internal audit is to undertake systematic reviews of the systems of internal control within the Group so as to provide reasonable assurance that such systems are adequate and functioning as intended. It's responsibilities include the provision of independent and objective reports on the state of internal control of the various operating units within the Group, the extent of compliance with the Group's policies, procedures and relevant statutory requirements to the Audit Committee so that remedial actions can be taken in relation to any weaknesses noted in the systems and controls of the respective operating units.

The internal audit fee incurred for the financial year ended 31 December 2014 was RM20,000.

Statement On Risk Management And Internal Control

INTRODUCTION

The Board of Euro Holdings Berhad ("the Board") acknowledges the importance of maintaining a sound system of internal control and effective risk management as part of its on-going efforts to practice good corporate governance. The Board is committed to practising good standards of corporate governance and observing best practices, and will continue to improve on current practices.

The Board is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2014.

RESPONSIBILITY OF THE BOARD

The Board is ultimately responsible for the system of internal control operating throughout the Group and for reviewing its effectiveness, adequacy and integrity, including financial and operational controls, compliance with relevant laws and regulations, and risk management in order to safeguard shareholders' investments and the Group's assets.

The Board recognises that the Group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and that it can only provide reasonable and not absolute assurance against misstatement or loss. The Board continuously evaluates appropriate initiatives to strengthen the transparency and efficiency of its operations, taking into account the requirements for sound and appropriate internal controls and management information systems within the Group.

CONTROL ENVIRONMENT

The Board of Directors and Senior Management consistently endeavor to maintain an adequate system of internal controls designed to manage risks rather than eliminate them. The Group has an organization structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in the Group. As such, it is recognized that the system of internal controls can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement or loss.

The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to Senior Management on the manner the Company controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of the Group, assessment of financial and operational risks and an effective monitoring mechanism.

ASSURANCE FROM THE MANAGEMENT

The Board has also received reasonable assurance from the Group Managing Director and the Group Chief Financial Officer, that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management model adopted by the Group. To further supplement management assurance, the respective Head of Department signed off a Statement on the condition of Risk Management mitigation and Internal Controls implemented in their respective department.

INTERNAL AUDIT

The outsourced Internal Auditors had reviewed the Group's system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviewed the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee. Internal audit also tested the effectiveness of the internal control on the basis of an internal audit strategy and a detailed annual internal audit plan was presented to the Audit Committee for approval. All the subsidiaries were audited based on critical risk areas. It should be annotated that the internal audit was based on samples selection and did not engage any strategy to detect fraud during the performance of the audit.

The cost incurred for the internal audit during the year was RM20,000

INFORMATION, COMMUNICATION AND MONITORING

While the Management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board of Directors has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to request for information and clarification from the Management as well as to seek inputs from the Audit Committee, external and internal auditors and other experts at the expense of the Company.

The Board reviews the effectiveness of the risk management and internal control systems through the following monitoring and assessment mechanisms:

- On a quarterly basis, Management updates the Board on the Company's actual financial performance. Specific transactions, projects opportunities are also discussed with the Board as and when required. This allows the Board to raise potential new risks that could arise and request Management to mitigate them accordingly.

- The key management staff and Heads of Department are delegated with the responsibility of identifying and managing risks related to their functions and departments. At the periodic management meetings, such risks identified and related internal controls are communicated to the Senior Management. In additional, significant risk identified are cascaded to the Board at their scheduled meetings.

RISK MANAGEMENT

The Board has an established ongoing process for identifying, evaluating and managing the significant risks encountered by the Group in accordance to the Guidance for Directors of Public Listed Companies on Statement of Internal Control. This is to ensure that all high risks are adequately addressed at various levels within the Group. Risk management is embedded in the Group's management system and is every employee's responsibility. The Group firmly believes that risk management is critical for the Group's continued profitability and the enhancement of shareholders' value.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Code of Corporate Governance the external auditors have reviewed this Statement on Risk Management and Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Company.

This statement is based on the consideration of the audit work performed by both the External Auditors and the Internal Auditors on financial and non-financial matters.

CONCLUSION

On the whole, the Board of Directors is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance to that effect. It is the Group's positive attitude towards striving for better that drives its desire to ensure that the system of internal control will be enhanced on regular basis as the Group progresses to the next level. The Board of Directors and the Management will seek regular assurance on the effectiveness and soundness of the internal control system through appraisals by the internal as well as external auditors.

Reports And Financial Statements

for the year ended 31 December 2014

CONTENTS

Directors' Report
for the year ended 31 December 2014

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES
The principal activities of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit net of tax	2,372	349
Profit attributable to:		
Owners of the Company	2,409	349
Non-controlling interest	(37)	-
	2,372	349

DIVIDENDS
No dividends were paid, declared or proposed since the end of the previous financial year.

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2014.

RESERVES AND PROVISIONS
All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES
There were no issue of shares or debentures by the Company during the financial year.

DIRECTORS
The Directors of the Company who held office since the date of the last report are as follows:

Dato' Sri Mohd Haniff Bin Abd Aziz
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Dato' Tong Yun Mong (Appointed w.e.f. 23 October 2014)
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Tan Poh Ling
Kevin Sathiaseelan A/L Ramakrishnan (Appointed w.e.f. 23 October 2014)
Lew Fatt Sin (Resigned w.e.f. 23 October 2014)
Law Sim Shee (Resigned w.e.f. 23 October 2014)
Lew Hin (Resigned w.e.f. 23 October 2014)
Teh Hock Toh (Resigned w.e.f. 23 October 2014)
Foong Yein Teng (Resigned w.e.f. 23 October 2014)
Pua Kah Ho (Resigned w.e.f. 23 October 2014)
Ng Wai Pin (Resigned w.e.f. 23 October 2014)

Retirement and re-election of the Directors at the Annual General Meeting will be in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in the shares of the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each in the Company			
	At 1.1.2014	Bought	Sold	At 31.12.2014
Shareholdings in the name of the Directors:				
Dato' Sri Mohd Haniff Bin Abd Aziz	12,150,000	260,000	(10,000,000)	2,410,000
Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,410,000	10,196,000	-	18,606,000
Dato' Tong Yun Mong	-	10,000,000	-	10,000,000
Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir	-	-	-	-
Tan Poh Ling	-	-	-	-
Kevin Sathiaseelan A/L Ramakrishnan	-	-	-	-

Pursuant to Section 6A of the Companies Act 1965, by virtue of their interests in the shares of the Company, Dato' Sri Mohd Haniff Bin Abd Aziz, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Dato' Tong Yun Mong are deemed to have interests in the shares of all the subsidiaries to the extent the Company has an interest.

No other Directors in office at the end of the financial year held any interest in the shares of the Company and its related companies.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than Directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or any related companies with the Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest, except as disclosed in the financial statements.

Neither during nor at the end of the financial year was the Company or any related companies, a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount to which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations when they fall due, except as disclosed in the financial statements.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

SUBSEQUENT EVENT

The details of subsequent event are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs Nexia SSY, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2015.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Director

Subang Jaya

Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, Dato' Sri Choong Yuen Keong @ Tong Yuen Keong and Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir, being two of the Directors of Euro Holdings Berhad, do hereby state that in the opinion of the Directors, the accompanying financial statements set out on pages 44 to 94 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 36 to the financial statements has been prepared in accordance with *Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2015.

Dato' Sri Choong Yuen Keong @ Tong Yuen Keong
Director

Datuk Dr. Syed Muhamad Bin Syed Abdul Kadir
Director

Subang Jaya

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act 1965

I, Foong Yein Teng, being the Officer primarily responsible for the financial management of Euro Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 44 to 94 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Foong Yein Teng at Puchong in the state of Selangor on 23 April 2015.

Before me,

PESURUHJAYA SUMPAH
No:. B195
Nama: NG SAY JIN
MALAYSIA
No. C-2-45, IOI Boulevard
Jalan Kenari 5
Bandar Puchong Jaya
47170 Puchong, Selangor

Foong Yein Teng
Officer

Independent Auditors' Report
to the Members of Euro Holdings Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Euro Holdings Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 44 to 94.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 36 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the Members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Nexia SSY

Nexia SSY
AF: 2009
Chartered Accountants

Jason Sia Sze Wan
No. 2376/05/16 (J)
Partner

Subang Jaya
23 April 2015

Consolidated Statement of Financial Position

as at 31 December 2014

GROUP	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	61,364	63,343
Land held for development	8	12,139	9,043
Deferred tax assets	9	1,132	1,192
		74,635	73,578
Current assets			
Inventories	10	14,982	15,324
Trade receivables	11	20,971	29,263
Other receivables, deposits and prepayments	12	943	1,444
Tax recoverable		1,030	738
Fixed deposits with licensed financial institutions	13	903	754
Short term funds	14	125	122
Cash and bank balances		6,719	2,716
		45,673	50,361
TOTAL ASSETS		120,308	123,939
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	40,500	40,500
Share premium		3,844	3,844
Retained earnings	16	24,425	22,016
		68,769	66,360
Non-controlling interest		104	141
TOTAL EQUITY		68,873	66,501
Non-current liabilities			
Borrowings	17	13,312	16,236
		13,312	16,236
Current liabilities			
Trade payables	18	11,368	12,989
Other payables, accruals and deposits received	19	7,249	6,212
Borrowings	17	19,253	21,825
Forward exchange contracts	20	78	70
Provision for taxation		175	106
		38,123	41,202
TOTAL LIABILITIES		51,435	57,438
TOTAL EQUITY AND LIABILITIES		120,308	123,939

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

as at 31 December 2014

COMPANY	Note	2014 RM'000	2013 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	335	404
Investment in subsidiaries	7	47,302	46,675
		47,637	47,079
Current assets			
Other receivables, deposits and prepayments	12	16	17
Tax recoverable		292	382
Short term funds	14	71	69
Cash and bank balances		205	385
		584	853
TOTAL ASSETS		48,221	47,932
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	15	40,500	40,500
Share premium		3,844	3,844
Retained earnings	16	3,757	3,408
TOTAL EQUITY		48,101	47,752
Non-current liabilities			
Borrowings	17	-	57
Deferred tax liabilities	9	6	8
		6	65
Current liabilities			
Other payables and accruals	19	57	22
Borrowings	17	57	93
		114	115
TOTAL LIABILITIES		120	180
TOTAL EQUITY AND LIABILITIES		48,221	47,932

The accompanying notes form an integral part of these financial statements.

Statements of Comprehensive Income
for the year ended 31 December 2014

		GROUP		COMPANY	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	21	106,113	97,215	1,132	2,336
Cost of sales		(77,245)	(74,127)	-	-
Gross profit		28,868	23,088	1,132	2,336
Other operating income		691	1,095	2	2
Selling and distribution expenses		(10,795)	(10,710)	-	-
Administrative expenses		(13,832)	(11,168)	(780)	(613)
Profit from operations		4,932	2,305	354	1,725
Finance costs		(2,048)	(2,184)	(7)	(11)
Profit before taxation	22	2,884	121	347	1,714
Taxation	24	(512)	(1,589)	2	(493)
Profit/(loss) for the year		2,372	(1,468)	349	1,221
Attributable to:					
Owners of the Company		2,409	(1,630)	349	1,221
Non-controlling interest		(37)	162	-	-
		2,372	(1,468)	349	1,221
Earnings per share attributable to equity holders of the Company (sen)	25	2.97	(2.01)	-	-

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Non distributable		Distributable			
GROUP	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2014	40,500	3,844	22,016	66,360	141	66,501
Profit for the year	-	-	2,409	2,409	(37)	2,372
At 31 December 2014	40,500	3,844	24,425	68,769	104	68,873
At 1 January 2013	40,500	3,844	23,546	67,890	-	67,890
Loss for the year	-	-	(1,630)	(1,630)	162	(1,468)
Transaction with owners:						
Movement in interest in subsidiaries	-	-	100	100	(21)	79
At 31 December 2013	40,500	3,844	22,016	66,360	141	66,501

Statement of Changes in Equity

for the year ended 31 December 2014

	Non distributable		Distributable	
COMPANY	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2014	40,500	3,844	3,408	47,752
Profit for the year	-	-	349	349
At 31 December 2014	40,500	3,844	3,757	48,101
At 1 January 2013	40,500	3,844	2,187	46,531
Profit for the year	-	-	1,221	1,221
At 31 December 2013	40,500	3,844	3,408	47,752

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2014

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Cash flows from operating activities					
Profit before taxation		2,884	121	347	1,714
Adjustments for:					
Allowance for doubtful debts		2,307	244	-	-
Reversal of allowance for doubtful debts		(39)	-	-	-
Depreciation of property, plant and equipment		5,281	5,277	69	70
Dividend income		-	-	(1,132)	(2,336)
Loss on forward exchange contracts		8	104	-	-
Gain on disposal of property, plant and equipment		(6)	(274)	-	-
Interest expense		1,809	1,931	6	11
Interest income		(49)	(12)	(2)	(2)
Property, plant and equipment written off		27	-	-	-
Unrealised foreign exchange gain		(162)	(194)	-	-
Operating profit/(loss) before working capital changes		12,060	7,197	(712)	(543)
Decrease in inventories		342	486	-	-
Decrease/(increase) in trade and other receivables		6,840	1,260	(626)	(786)
(Decrease)/increase in trade and other payables		(111)	(2,252)	35	(31)
Cash generated from/(used in) operations		19,131	6,691	(1,303)	(1,360)
Land held for development		(3,096)	(529)	-	-
Tax paid		(969)	(318)	(3)	-
Tax refunded		294	572	93	1
Net cash generated from/(used in) operating activities		15,360	6,416	(1,213)	(1,359)
Cash flows from investing activities					
Purchase of property, plant and equipment	29	(2,726)	(1,995)	-	-
Dividends received		-	-	1,132	1,752
Interest received		49	12	2	2
Proceeds from disposal of property, plant and equipment		27	686	-	-
Net cash (used in)/generated from investing activities		(2,650)	(1,297)	1,134	1,754

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows (continued)
for the year ended 31 December 2014

	Note	GROUP 2014 RM'000	GROUP 2013 RM'000	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Cash flows from financing activities					
Fixed deposits pledged		(149)	(6)	-	-
Interest paid		(1,809)	(1,931)	(6)	(11)
Proceeds from issuance of shares to non-controlling interest		-	80	-	-
Repayment of finance lease liabilities		(1,885)	(1,994)	(93)	(88)
Repayment of term loan		(1,885)	(1,774)	-	-
Net cash used in financing activities		(5,728)	(5,625)	(99)	(99)
Net increase/(decrease) in cash and cash equivalents		6,982	(506)	(178)	296
Cash and cash equivalents at beginning of the year		(9,034)	(8,528)	454	158
Cash and cash equivalents at end of the year		(2,052)	(9,034)	276	454
Cash and cash equivalents comprise:					
Fixed deposits with licensed financial institutions	13	903	754	-	-
Short term funds	14	125	122	71	69
Cash at bank		6,673	2,598	205	385
Cash in hand		46	118	-	-
Bank overdrafts	17	(8,896)	(11,872)	-	-
		(1,149)	(8,280)	276	454
Less: Fixed deposits pledged		(903)	(754)	-	-
		(2,052)	(9,034)	276	454
The currency exposure profile of cash and bank balances is as follows:					
Ringgit Malaysia		5,040	2,479	205	385
United States Dollar		1,671	234	-	-
Others		8	3	-	-
		6,719	2,716	205	385

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The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Wisma Euro, Lot 21, Rawang Industrial Estate, 48000 Rawang, Selangor.

The principal activities of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 7. There have been no significant changes in the nature of these activities during the financial year.

The number of employees in the Group and in the Company at the end of the financial year were 682 (2013: 723) and NIL (2013: NIL) respectively.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2015.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies (Note 3).

The preparation of financial statements in conformity with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency. All financial information have been rounded to the nearest thousand (RM'000), unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(b) Subsidiaries

Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, unless the investment is held for sale.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(c) Goodwill or reserve arising on consolidation

Goodwill or reserve arising on consolidation represents the difference of the fair value of purchase consideration of subsidiaries acquired over the Group's share of the fair values of their identifiable assets and liabilities at the date of acquisition.

Reserve arising on consolidation will be written off in profit or loss.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Property, plant and equipment, and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss as incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an indefinite useful life and is therefore not depreciated.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment, and depreciation (continued)

Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of property, plant and equipment as follows:

Freehold buildings	2%
Furniture and fittings	10% - 15%
Office equipment	10% - 35%
Plant, machinery and tools	10%
Moulds	20%
Electrical installation	15%
Computers	13% - 20%
Signboards	10%
Renovation	15%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss in the year the property, plant and equipment is derecognised.

(e) Land held for development

i Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the assets is assessed and written down immediately to its recoverable amount.

Land held for property development is either reclassified to construction contracts (under non-current assets) or inventories (under current assets), when development activities have been approved and commenced.

ii Construction contracts or inventories

Construction contracts or inventories comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress include cost of raw materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

(g) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts on a review of all outstanding amounts at the financial year end.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits, demand deposits, bank overdrafts and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Leases

i Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance lease in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease; and

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

ii Finance lease

Assets acquired by way of hire purchase or finance lease are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and accumulated impairment losses. The corresponding liability is included in the statement of financial position as borrowings.

In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance cost and the reduction of the outstanding liabilities. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with the depreciation for property, plant and equipment as described in Note 3(d).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

iii Operating lease

Operating lease payments are recognised as an expense on a straight-line basis over the terms of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of lease of land and buildings, the minimum lease payments or up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings elements of the lease at the inception of the lease. The up-front payments represent prepaid lease payments and are amortised on a straight-line basis over the lease term.

(j) Payables

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

(k) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(l) Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

(m) Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax (continued)

Deferred tax is provided for, using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit or loss nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Employee benefits

i Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or construction obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, the Group makes contributions to the statutory provident fund, the Employees Provident Fund. Such contributions are recognised as an expense in profit or loss in the period as incurred.

iii Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the financial year end are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group, the amount of the revenue can be measured reliably.

i Revenue

a. Sale of goods

Revenue is recognised net of sales taxes (if any) and upon transfer of significant risks and rewards of ownership to the buyer.

b. Dividend income

Dividend income is recognised when the right to receive payment is established.

ii Other income

a. Interest income

Interest income is recognised on an accrual basis (taking into account the effective yield on the asset) unless its collectability is in doubt.

b. Rental income

Rental income is recognised on an accrual basis.

(q) Foreign currencies

i Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

ii Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's reporting currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the date of the transactions. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing at the financial year end.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operation, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Group's financial statements or the individual financial statements of the foreign operation, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Foreign currencies (continued)

ii Foreign currency transactions (continued)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal closing rates used in translation of foreign currency amounts are as follows:

	2014 RM	2013 RM
1 Euro (EUR)	4.250	4.540
1 Singapore Dollar (SGD)	2.645	2.595
1 United States Dollar (USD)	3.495	3.289
1 Sterling Pound (GBP)	5.442	5.420

(r) Impairment of assets

The carrying amounts of assets, other than investment property, construction contract assets, property development costs, inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each financial year end to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment of assets (continued)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(s) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interests, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting.

On initial recognition, financial assets are measured at fair value, plus transaction costs for financial assets not at 'fair value through profit or loss'. Effective interest method is a method of calculating the amortised cost of financial assets and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or a shorter period to the net carrying amount of the financial assets.

After initial recognition, financial assets are classified into one of four categories: financial assets at 'fair value through profit or loss', 'held-to-maturity' investments, loans and receivables and 'available-for-sale' financial assets.

i Financial assets at 'fair value through profit or loss'

Financial assets are classified as financial assets at 'fair value through profit or loss' when the financial assets are either 'held for trading', or upon initial recognition, financial assets are designated as financial assets at 'fair value through profit or loss'.

A financial asset is classified as 'held for trading' if:

- it is acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated as an effective hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

i Financial assets at 'fair value through profit or loss' (continued)

Financial assets (other than 'held for trading') are designated as financial assets at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or recognising the gains and losses on them on different bases; or

- a group of financial assets is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial assets at 'fair value through profit or loss'.

After initial recognition, financial assets at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial assets at 'fair value through profit or loss' are recognised in profit or loss.

ii 'Held-to-maturity' investments

'Held-to-maturity' investments are non-derivative financial assets with fixed or determinable payments and fixed maturity and that the Group has the positive intention and ability to hold the investments to maturity.

After initial recognition, 'held-to-maturity' investments are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when 'held-to-maturity' investments are derecognised or impaired.

iii Loans and receivables

Loans and receivables are non-derivative financial assets (such as trade receivables, loans assets, unquoted debt instruments and deposits held in banks) with fixed or determinable payments that are not quoted in an active market.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method less any accumulated impairment losses. Gains or losses are recognised in profit or loss when loans and receivables are derecognised or impaired.

iv 'Available-for-sale' financial assets

Financial assets are classified as 'available-for-sale' financial assets when the financial assets are either designated as such upon initial recognition or are not classified in any of the three preceding categories.

Investment in quoted equity and debt instruments that are traded in active market and certain unquoted equity instruments (when the fair value can be determined using a valuation technique) are classified as 'available-for-sale' financial assets. 'Available-for-sale' financial assets are measured at fair value.

Gains or losses on 'available-for-sale' financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains or losses on monetary instruments, until the 'available-for-sale' financial assets are derecognised.

The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial assets is derecognised.

Interest calculated using the effective interest method is recognised in profit or loss. Dividends on 'available-for-sale' equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

v Investment in unquoted equity instruments carried at cost

Investment in equity instruments which do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such an unquoted equity instruments, are measured at cost less any accumulated impairment losses.

vi Reclassifications of financial assets

The Group does not reclassify derivative out of the financial assets at 'fair value through profit or loss' category while they are held or in issue. Equally, the Group does not reclassify other financial assets out of the financial assets at 'fair value through profit or loss' category if upon initial recognition, those financial assets were designated as financial assets at 'fair value through profit or loss'. Other financial assets are not reclassified into the financial assets at 'fair value through profit or loss' category after initial recognition under another category.

When it is no longer appropriate to classify an investment as 'held-to-maturity' as a result of a change in intention and ability, the investment is reclassified as held for sale and re-measured at fair value. Any difference between the carrying amount and fair value of the investment is recognised in other comprehensive income.

vii Impairment of financial assets

At the end of each financial year, the Group assesses whether there is any objective evidence that financial assets held, other than financial assets at 'fair value through profit or loss', are impaired.

Financial assets are impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the financial assets which have an impact on the estimated future cash flows of the financial assets that can be reliably measured.

For investment in equity instruments classified as 'available-for-sale' financial assets, objective evidence that the financial assets are impaired include the disappearance of an active trading market for the financial assets because of, significant financial difficulties, and a significant and/or prolonged decline of the market price below the cost.

For other financial assets, objective evidence could include:

- significant financial difficulties of the issuer; or
- default or significant delay in payments and delinquency in interest or principal payments; or
- a breach of contract; or
- the lender granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or other financial re-organisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the financial assets since the initial recognition of those assets.

Impairment losses, in respect of 'held-to-maturity' investments carried at amortised cost are measured as the differences between the assets' carrying amounts and the present values of their estimated future cash flows discounted at the 'held-to-maturity' investments' original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial assets (continued)

vii Impairment of financial assets (continued)

For certain category of financial assets, such as trade receivables, if it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the assets are included in a group with similar credit risk characteristics and collectively assessed for impairment. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amounts of the financial assets are reduced directly, except for the carrying amounts of trade and other receivables, and staff loan receivables which are reduced through the use of an allowance account, and when these become uncollectible. Any impairment loss is recognised in profit or loss immediately.

If, in later periods, the amount of any impairment loss decreases, the previously recognised impairment losses are reversed directly, except for the amounts related to trade receivables which are reversed to write back the amount previously provided in the allowance account. The reversal is recognised in profit or loss immediately.

If there is objective evidence that impairment losses have been incurred on financial assets carried at cost, the amount of any impairment loss is measured as the differences between the carrying amounts of the financial assets and the present value of their estimated future cash flows discounted at the current market rate of return for a similar financial assets. Such impairment losses are not reversed.

For 'available-for-sale' financial assets, if a decline in fair value has been recognised in other comprehensive income and there is objective evidence that the assets are impaired, the cumulative losses that have been recognised are reclassified to profit or loss.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as 'available-for-sale' financial assets are not reversed through profit or loss. If the fair value of a debt instrument classified as an 'available-for-sale' financial asset subsequently increases, and the increase can be objectively related to an event occurring after the impairment losses were recognised in profit or loss, the impairment losses are reversed and recognised in profit or loss.

viii Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or the Group transfers the financial assets and the transfer qualifies for derecognition.

On derecognition of financial assets in their entirety, the differences between the carrying amounts and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Financial instruments (continued)

Financial liabilities

Financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. On initial recognition, financial liabilities are measured at fair value, plus transaction costs for financial liabilities not at 'fair value through profit or loss'. After initial recognition, financial liabilities are either classified as financial liabilities at 'fair value through profit or loss' or amortised cost using the effective interest method.

i Financial liabilities at 'fair value through profit or loss'

Financial liabilities are classified as financial liabilities at 'fair value through profit or loss' when the financial liabilities are either 'held for trading' or upon initial recognition, the financial liabilities are designated as financial liabilities at 'fair value through profit or loss'.

A financial liability is classified as 'held for trading' if:

- it is incurred principally for the purpose of repurchasing it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated as an effective hedging instrument.

Financial liabilities (other than 'held for trading') are designed as financial liabilities at 'fair value through profit or loss' upon initial recognition if:

- it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring liabilities or recognising the gains and losses on them on different bases; or

- a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- a contract contains one or more embedded derivatives, the entire hybrid contracts are designated as financial liabilities at 'fair value through profit or loss'.

After initial recognition, financial liabilities at 'fair value through profit or loss' are measured at fair value. Gains or losses on the financial liabilities at 'fair value through profit or loss' are recognised in profit or loss.

ii Financial liabilities at amortised cost using the effective interest method

Effective interest method is a method of calculating the amortised cost of financial liabilities and allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities or a shorter period to the net carrying amount of the financial liabilities.

After initial recognition, financial liabilities other than financial liabilities at 'fair value through profit or loss' are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the financial liabilities are derecognised or impaired.

iii Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amounts of financial liabilities derecognised and the consideration paid is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

(u) Contingencies

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group in the current and previous financial year ends.

(v) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segments results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and measurement basis of segment information.

4. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

During the financial year, the Group has adopted the following new and revised Malaysian Financial Reporting Standards and amendments to certain standards (collectively referred to as 'MFRSs'), issued by the Malaysian Accounting Standards Board ('MASB') which are effective for the financial year of the Group beginning on 1 January 2014:

MFRSs that have been issued and effective which do not have any significant impact on these financial statements

The following new and revised MFRSs issued by the MASB, effective for financial year of the Group beginning 1 January 2014, have been adopted, but the adoptions do not have any or significant impact to the financial statements:

Amendment to MFRS 10:	Consolidated Financial Statements
Amendment to MFRS 12:	Disclosure of Interest in Other Entities
Amendment to MFRS 127:	Separate Financial Statements
Amendment to MFRS 132:	Offsetting Financial Assets and Financial Liabilities
Amendment to MFRS 136:	Recoverable Amount Disclosures for Non-Financial Assets
Amendment to MFRS 139:	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21:	Levies

4. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS (continued)

MFRSs that have been issued but not effective

The following revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 July 2014, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

Amendments to MFRS 2:	Share-based Payment
Amendments to MFRS 3:	Business Combinations
Amendments to MFRS 8:	Operating Segments
Amendments to MFRS 13:	Fair Value Measurement
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 124:	Related Party Disclosures
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 140:	Investment Property

The following new and revised MFRSs issued by MASB, effective for financial periods beginning on or after 1 January 2016, have not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 14:	Regulatory Deferral Accounts
Amendments to MFRS 5:	Non-current Assets Held for Sale and Discontinued Operations
Amendments to MFRS 7:	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10:	Consolidated Financial Statements
Amendments to MFRS 11:	Joint Arrangements
Amendments to MFRS 116:	Property, Plant and Equipment
Amendments to MFRS 119:	Employee Benefits
Amendments to MFRS 127:	Separate Financial Statements
Amendments to MFRS 128:	Investment in Associates and Joint Ventures
Amendments to MFRS 134:	Interim Financial Reporting
Amendments to MFRS 138:	Intangible Assets
Amendments to MFRS 141:	Agriculture

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2017, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

MFRS 15:	Revenue from Contracts with Customers

The following new MFRS issued by MASB, effective for financial periods beginning on or after 1 January 2018, has not been adopted, and the adoptions are not expected to have any or significant impact on the financial statements:

4. ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS (continued)

MFRSs that have been issued but not effective (continued)

MFRS 9: Financial Instruments

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at 'fair value through profit or loss') attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at 'fair value through profit or loss', the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

5. SIGNIFICANT ACCOUNTING ESTIMATES

Key Sources of Estimation Uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on historical experience and other relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight line method. The estimated useful lives applied by the Group as disclosed in Note 3(d) reflect the Directors' estimates of the periods that the Group expects to derive future economic benefits from the use of the Group's property, plant and equipment.

(b) Impairment of property, plant and equipment

The Group carried out the impairment test based on a variety of estimation including the value-in-use of the cash-generating unit (CGU) to which the property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Allowances for doubtful debts

The collectability of receivables is assessed on an ongoing basis. An allowance for doubtful debt is made for any account considered to be doubtful for collection. The allowance for doubtful debt is made based on a review of all outstanding accounts at the end of the reporting period. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

5. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Key Sources of Estimation Uncertainty (continued)

(d) Income tax

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(e) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unutilised reinvestment allowances and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(f) Impairment of investment in subsidiaries

The investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the accounting policy. The recoverable amounts of these investments have been determined based on their fair value less costs to sell. The fair value less costs to sell was arrived at by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market condition existing at each financial year end.

There could be further adjustments to the carrying value of the investments should the going concern basis be inappropriate.

(g) Contingent liabilities

As disclosed in Note 32, a contingent liability is not recognised but is disclosed in the notes to the financial statements and when a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

The Directors are of the opinion that provision is not required in respect of the above instance as it is not probable that a future sacrifice of economic benefits will be required.

(h) Fair value estimates of certain financial instruments

The Group carries certain financial assets and liabilities at fair value, which required extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value will differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit or loss/equity.

6. PROPERTY, PLANT AND EQUIPMENT

GROUP	Freehold land RM'000	Factory buildings RM'000	Furniture and fittings RM'000	Office equipment RM'000	Balance carried forward RM'000
Carrying amount					
At 1 January 2014	9,204	34,813	216	267	44,500
Additions	-	-	7	18	25
Disposals	-	-	-	-	-
Write-offs	-	-	-	(2)	(2)
Depreciation charge	-	(814)	(41)	(54)	(909)
At 31 December 2014	9,204	33,999	182	229	43,614
At 31 December 2014					
Cost	9,204	40,697	1,782	1,080	52,763
Accumulated depreciation	-	(6,698)	(1,600)	(851)	(9,149)
Carrying amount	9,204	33,999	182	229	43,614
At 31 December 2013					
Cost	9,204	40,697	1,775	1,075	52,751
Accumulated depreciation	-	(5,884)	(1,559)	(808)	(8,251)
Carrying amount	9,204	34,813	216	267	44,500
Depreciation – 2013	-	813	51	58	922

6. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Balance brought forward RM'000	Plant, machinery and tools RM'000	Moulds RM'000	Electrical installation RM'000	Computers RM'000	Balance carried forward RM'000
Carrying amount						
At 1 January 2014	44,500	13,249	1,022	192	769	59,732
Additions	25	1,047	841	40	555	2,508
Disposals	-	(15)	-	-	(6)	(21)
Write-offs	(2)	(25)	-	-	-	(27)
Depreciation charge	(909)	(2,858)	(462)	(49)	(256)	(4,534)
At 31 December 2014	43,614	11,398	1,401	183	1,062	57,658
At 31 December 2014						
Cost	52,763	33,433	10,902	449	3,527	101,074
Accumulated depreciation	(9,149)	(22,035)	(9,501)	(266)	(2,465)	(43,416)
Carrying amount	43,614	11,398	1,401	183	1,062	57,658
At 31 December 2013						
Cost	52,751	32,996	10,061	409	2,983	99,200
Accumulated depreciation	(8,251)	(19,747)	(9,039)	(217)	(2,214)	(39,468)
Carrying amount	44,500	13,249	1,022	192	769	59,732
Depreciation – 2013	922	2,750	533	42	244	4,491

6. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	Balance brought forward RM'000	Signboards RM'000	Renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Carrying amount						
At 1 January 2014	59,732	3	68	3,540	-	63,343
Additions	2,508	-	-	210	632	3,350
Disposals	(21)	-	-	-	-	(21)
Write-offs	(27)	-	-	-	-	(27)
Depreciation charge	(4,534)	(1)	(19)	(727)	-	(5,281)
At 31 December 2014	57,658	2	49	3,023	632	61,364
At 31 December 2014						
Cost	101,074	17	242	6,165	632	108,130
Accumulated depreciation	(43,416)	(15)	(193)	(3,142)	-	(46,766)
Carrying amount	57,658	2	49	3,023	632	61,364
At 31 December 2013						
Cost	99,200	17	242	5,955	-	105,414
Accumulated depreciation	(39,468)	(14)	(174)	(2,415)	-	(42,071)
Carrying amount	59,732	3	68	3,540	-	63,343
Depreciation – 2013	4,491	1	17	768	-	5,277

6. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	Motor vehicles RM'000
At cost:	
Carrying amount	
At 1 January 2014	404
Depreciation charge	(69)
At 31 December 2014	335
At 31 December 2014	
Cost	649
Accumulated depreciation	(314)
Carrying amount	335
At 31 December 2013	
Cost	649
Accumulated depreciation	(245)
Carrying amount	404
Depreciation – 2013	70

(a) The carrying amount of property, plant and equipment charged to bank for credit facilities granted to the Group as disclosed in Note 17 is as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Freehold land	9,204	9,204
Freehold buildings	33,999	34,813
	43,203	44,017

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The carrying amount of property, plant and equipment acquired under finance lease arrangements as at the financial year end is as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Plant, machinery and tools	4,515	4,522	-	-
Motor vehicles	2,912	3,381	335	404
	7,427	7,903	335	404

(c) The cost of property, plant and equipment acquired during the year under finance lease arrangements is as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Plant, machinery and tools	608	992	-	-
Motor vehicles	210	1,930	-	-
	818	2,922	-	-

(d) The cost of property, plant and equipment which have been fully depreciated, were written-off during the year as follows:-

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Office equipment	8	-	-	-

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 2014 RM'000	COMPANY 2013 RM'000
Unquoted shares, at cost		
At 1 January/ 31 December	24,448	24,448
Amount due from subsidiaries	22,854	22,227
	47,302	46,675

The amount due from subsidiaries represents advances that are non-trade in nature, unsecured and interest free. The repayment of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is in substance a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment losses.

The details of subsidiaries are as follows:-

Name of company	Equity interest held 2014 %	Equity interest held 2013 %	Principal activities
Euro Chairs Manufacturer (M) Sdn. Bhd.	100.00	100.00	Manufacturing and marketing of furniture
Euro Space Industries (M) Sdn. Bhd.	100.00	100.00	Manufacturing and trading of office furniture, partitions, chairs and panels
Euro Chairs System Sdn. Bhd.	100.00	100.00	Trading of furniture, furnishing fabric materials and other furniture components
Euro Space System Sdn. Bhd.	100.00	100.00	Trading of office furniture
Euro Chairs (M) Sdn. Bhd.	100.00	100.00	Holds the industrial designs and trademarks of the Group
Eurosteel System Sdn. Bhd.	75.76	75.76	Trading of storages and steel furniture
Eurosteel Line Sdn. Bhd.	100.00	100.00	Manufacturing and trading of steel furniture
Euroland & Development Sdn. Bhd.	100.00	100.00	Property development

All of the above subsidiaries were incorporated in Malaysia and audited by Nexia SSY, a member of Nexia International.

8. LAND HELD FOR DEVELOPMENT

	GROUP 2014 RM'000	GROUP 2013 RM'000
Freehold land and other costs		
At beginning of the year	9,043	8,514
Additions	3,096	529
At end of the year	12,139	9,043

Included in the freehold land and other costs are interest expenses capitalised during the year amounting to RM396,575 (2013: RM390,551).

9. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	1,192	2,351	(8)	(7)
Recognised in the statements of comprehensive income (Note 24)	(60)	(1,159)	2	(1)
At 31 December	1,132	1,192	(6)	(8)
Presented after appropriate offsetting as follows:				
Deferred tax assets	4,433	4,618	-	-
Deferred tax liabilities	(3,301)	(3,426)	(6)	(8)
	1,132	1,192	(6)	(8)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unutilised reinvestment allowances RM'000	Other deductible temporary differences RM'000	Unutilised tax losses and capital allowances RM'000	Total RM'000
At 1 January 2014	1,591	306	2,721	4,618
Recognised in the statements of comprehensive income				
- current year	948	404	(1,646)	(294)
- under/(over)provision in prior years	29	(47)	127	109
At 31 December 2014	2,568	663	1,202	4,433
At 1 January 2013	2,962	283	2,535	5,780
Recognised in the statements of comprehensive income				
- current year	(1,306)	59	105	(1,142)
- (over)/underprovision in prior years	(65)	(36)	81	(20)
At 31 December 2013	1,591	306	2,721	4,618

9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax liabilities:

	Excess of capital allowances over depreciation	
	GROUP	COMPANY
	RM'000	RM'000
At 1 January 2014	(3,426)	(8)
Recognised in the statements of comprehensive income		
- current year	154	2
- underprovision in prior years	(29)	-
At 31 December 2014	(3,301)	(6)
At 1 January 2013	(3,429)	(7)
Recognised in the statements of comprehensive income		
- current year	(19)	(1)
- overprovision in prior years	22	-
At 31 December 2013	(3,426)	(8)

10. INVENTORIES

	GROUP	
	2014	2013
	RM'000	RM'000
At cost:		
Raw materials	9,737	10,131
Work-in-progress	2,937	3,483
Finished goods	2,308	1,710
	14,982	15,324

11. TRADE RECEIVABLES

	GROUP	
	2014	2013
	RM'000	RM'000
Trade receivables	25,519	31,543
Less: Allowance for doubtful debts	(4,548)	(2,280)
	20,971	29,263

11. TRADE RECEIVABLES (continued)

The normal trade credit terms granted to customers ranged from 30 to 90 (2013: 30 to 90) days or contractual periods based on project contract sales. Certain receivables' credit terms are assessed and approved on a case by case basis.

The ageing analysis of trade receivables is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	9,375	12,465
Past due, not impaired		
- 1 to 60 days past due, not impaired	2,881	7,467
- 61 to 120 days past due, not impaired	2,109	4,440
- 121 to 150 days past due, not impaired	536	1,338
- more than 150 days past due, not impaired	6,070	3,553
	11,596	16,798
Past due and impaired	4,548	2,280
	25,519	31,543

The Group has trade receivables amounting to RM11,595,781 (2013: RM16,797,774) that are past due but not impaired as there were no significant changes in the credit quality, and the management is confident that the remaining receivables are recoverable as these accounts comprised mainly project related sales which are categorised as creditworthy customers.

The currency exposure profile of trade receivables is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	13,919	20,237
United States Dollar	5,045	4,917
Singapore Dollar	1,295	2,546
Sterling Pound	712	678
Euro	-	885
	20,971	29,263

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	149	237	-	-
Deposits	245	331	-	-
Prepayments	549	876	16	17
	943	1,444	16	17

13. FIXED DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

The fixed deposits have been pledged as security for banking facilities granted to a subsidiary, as disclosed in Note 17.

The fixed deposits as at 31 December 2014 have a maturity period ranging from 3 to 8 (2013: 3 to 8) months, bear interest at rates ranging from 2.70% to 3.00% (2013: 2.55% to 3.00%) per annum.

14. SHORT TERM FUNDS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Redeemable at call	99	96	45	43
Redeemable upon 7-day notice	26	26	26	26
	125	122	71	69

The short term funds represent placements in fixed income trusts with licensed financial institutions, incorporated in Malaysia and bear interest at the rates ranging from 2.33% to 3.15% (2013: 2.11% to 2.80%) per annum.

15. SHARE CAPITAL

	GROUP AND COMPANY			
	2014 '000 Unit	2013 '000 Unit	2014 RM'000	2013 RM'000
Authorised ordinary shares of RM0.50 each				
At beginning/end of the year	100,000	100,000	50,000	50,000
Issued and fully paid ordinary shares of RM0.50 each				
At beginning/end of the year	81,000	81,000	40,500	40,500

16. RETAINED EARNINGS

The retained earnings can be distributed by way of single tier dividends which are not taxable in the hands of the shareholders.

17. BORROWINGS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Bank overdrafts (secured)	8,896	11,872	-	-
Bills payable (secured)	6,924	6,298	-	-
Finance lease liabilities	1,536	1,769	57	93
Term loans (secured)	1,897	1,886	-	-
	19,253	21,825	57	93
Non-current				
Finance lease liabilities	2,704	3,732	-	57
Term loans (secured)	10,608	12,504	-	-
	13,312	16,236	-	57
	32,565	38,061	57	150
Total borrowings				
Bank overdrafts (secured)	8,896	11,872	-	-
Bills payable (secured)	6,924	6,298	-	-
Finance lease liabilities	4,240	5,501	57	150
Term loans (secured)	12,505	14,390	-	-
	32,565	38,061	57	150

The effective interest rates incurred during the financial year for borrowings ranged from 2.28% to 8.40% (2013: 2.28% to 8.15%) per annum.

The bank overdrafts, bills payable and term loans are secured by the following:

(a) Land and buildings of the Group as disclosed in Note 6;

(b) Land and building of certain former Directors;

(c) All monies facility agreements;

(d) Fixed deposits of RM902,872 (2013: RM754,157) of the Group as disclosed in Note 13; Personal guarantee and indemnity by certain former Directors; and

(e) Corporate guarantee by the Company.

Terms of repayment of borrowings are as follows:

(a) Bank overdrafts : Repayable on demand

(b) Bills payable : 30 to 150 days

(c) Term loans : 10 to 14 years from drawdown date

17. BORROWINGS (continued)

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance lease liabilities				
Minimum lease payments				
- not later than 1 year	1,724	2,024	58	99
- later than 1 year and not later than 2 years	1,546	1,521	-	58
- later than 2 years and not later than 5 years	1,309	2,504	-	-
Total minimum lease payments	4,579	6,049	58	157
Less : Future finance charges on finance lease	(339)	(548)	(1)	(7)
Present value of finance lease liabilities	4,240	5,501	57	150
Present value of finance lease liabilities				
- not later than 1 year	1,536	1,769	57	93
- later than 1 year and not later than 2 years	1,442	1,360	-	57
- later than 2 years and not later than 5 years	1,262	2,372	-	-
	4,240	5,501	57	150

	GROUP	
	2014 RM'000	2013 RM'000
Term loans		
Repayment terms		
- not later than 1 year	1,897	1,886
- later than 1 year and not later than 2 years	1,576	1,923
- later than 2 years and not later than 5 years	4,439	4,522
- later than 5 years	4,593	6,059
	12,505	14,390

18. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 90 (2013: 30 to 90) days.

The currency exposure profile of trade payables is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Ringgit Malaysia	10,521	12,716
United States Dollar	847	273
	11,368	12,989

19. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sundry payables	4,617	3,478	-	-
Accruals	875	1,137	57	22
Deposits received from customers	1,731	1,561	-	-
Amount due to related parties	24	26	-	-
Amount due to Directors	2	10	-	-
	7,249	6,212	57	22

The currency exposure profile of other payables, accruals and deposits received is as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	5,635	4,098	57	22
United States Dollar	1,611	2,112	-	-
Euro	3	2	-	-
	7,249	6,212	57	22

The amount due to Directors which is non-trade in nature, is unsecured, interest free and is repayable on demand.

19. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED (continued)

The amount due to related parties which is non-trade in nature, is unsecured, interest free and is repayable on demand. The details of related parties are as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Pro Uptrend Resources Sdn. Bhd.	24	-
Lew Chee Lung	-	26
	24	26

20. FORWARD EXCHANGE CONTRACTS

	2014 RM'000			2013 RM'000		
	Contract notional amount	Assets	Liabilities	Contract notional amount	Assets	Liabilities
Non-hedging derivatives						
Current:						
Forward currency contracts	5,110	-	78	6,709	-	70

The Group uses forward exchange contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedge and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward exchange contracts are used to hedge the Group's sales and purchases denominated in USD, SGD, GBP and EUR for which firm commitments existed at the reporting date, extending to June 2015 (2013: June 2014).

During the financial year, the Group's recognised a loss of RM7,642 (2013: RM103,788) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

21. REVENUE

Group
Revenue represents the invoiced value of goods sold less returns and discounts.

Company
Revenue represents dividend income received and receivable.

22. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation is arrived at after charging:				
Allowance for doubtful debts	2,307	244	-	-
Auditors' remuneration	100	94	23	20
Depreciation of property, plant and equipment	5,281	5,277	69	70
Finance cost:				
- Bank overdraft interest	216	262	-	-
- Bills payable interest	364	330	-	-
- Finance lease interest	280	280	6	11
- Term loan interest	949	1,059	-	-
- Bank charges	239	253	1	-
Loss on forward exchange contracts	8	104	-	-
Property, plant and equipment written off	27	-	-	-
Rental of forklifts	277	277	-	-
Rental of equipment	32	13	-	-
Rental of premises	66	163	-	-
Staff costs (Note 23)	22,918	21,377	251	268
and crediting:				
Reversal of allowance for doubtful debts	39	-	-	-
Bad debts recovered	-	2	-	-
Dividend income	-	-	1,132	2,336
Fixed deposits interest income	44	-	-	-
Gain on disposal of property, plant and equipment	6	274	-	-
Interest income	5	12	2	2
Realised foreign exchange gain	409	554	-	-
Unrealised foreign exchange gain	162	194	-	-

23. STAFF COSTS

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Salaries, wages, allowances, overtime, bonus and fees	20,725	18,625	251	247
Employees Provident Fund	1,364	1,377	-	21
Social security contributions	127	137	-	-
Other staff related expenses	702	1,238	-	-
	22,918	21,377	251	268

Included in staff costs are the remuneration of the Directors and senior management as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors				
Salaries, allowances and bonus	1,663	1,807	43	42
Fees	208	205	208	205
Employees Provident Fund	191	233	-	21
Social security contributions	1	1	-	-
Other emoluments	138	168	-	-
	2,201	2,414	251	268
Estimated monetary value of other benefits received by the Directors	127	137	28	28
Senior management				
Salaries, allowances and bonus	1,809	1,364	-	-
Employees Provident Fund	185	128	-	-
Social security contributions	6	5	-	-
Benefits-in-kind	30	29	-	-
	2,030	1,526	-	-

24. TAXATION

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian income tax				
- current year	445	707	-	494
- under/(over) provision in prior years	7	(277)	-	(2)
	452	430	-	492
Deferred tax (Note 9)				
Related to origination and reversal of temporary differences				
- current year	140	1,161	(2)	1
- overprovision in prior years	(80)	(2)	-	-
	60	1,159	(2)	1
	512	1,589	(2)	493

Reconciliations of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	2,884	121	347	1,714
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	721	30	87	429
Tax effects of:				
- income not subject to tax	(1)	(4)	(283)	-
- expenses not deductible for tax purposes	526	346	194	66
- tax incentives from double tax deduction	(29)	(43)	-	-
- deferred tax assets arising from current year's losses not recognised	537	413	-	-
- utilisation of deferred tax assets not recognised previously	(1,205)	(49)	-	-
- derecognition of deferred tax assets recognised previously	36	1,175	-	-
Under/(over)provision of income tax in prior years	7	(277)	-	(2)
Overprovision of deferred tax in prior years	(80)	(2)	-	-
Tax expense for the year	512	1,589	(2)	493

24. TAXATION (continued)

Subject to agreement with the Inland Revenue Board, the Group has unabsorbed tax losses, unutilised capital allowances and unutilised reinvestment allowances amounting to approximately RM7,026,200 (2013: RM5,411,300), RM748,000 (2013: RM6,725,800) and RM25,791,500 (2013: RM25,052,000) respectively for set off against future chargeable income.

Deferred tax assets amounting to approximately RM4,650,200 (2013: RM5,150,900) has not been recognised in the financial statements as the Directors are uncertain whether future taxable profits will be available for set-off against these deferred tax assets.

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2014 RM'000	2013 RM'000
Consolidated profit/(loss) for the year attributable to the owners of the parent	2,409	(1,630)
Weighted average number of shares of RM0.50 each ('000 shares)	81,000	81,000
Basic earnings per share (sen)	2.97	(2.01)

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial year.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

Transactions arising from normal business transactions of the Company and its subsidiaries with its related parties during the financial year are as follows:-

	GROUP	
	2014 RM'000	2013 RM'000
Rental charged by a company in which certain Directors have interests		
Pro Uptrend Resources Sdn. Bhd.	48	48
Subcontractor fees charged by Directors or persons connected to Directors		
Lew Chee Lung	324	222

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

27. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The main areas of financial risks faced by the Group and the policy in respect of the major areas of treasury activity are set out as follows:

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial papers.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Interest rate sensitivity analysis

i Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate financial liabilities at 'fair value through profit or loss' and does not designate derivatives as hedging instrument under fair value hedge accounting method. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

ii Interest rate risk sensitivity analysis

If the interest rates have been higher or lower and all other variables were held constant, the Group's profit before tax would decrease or increase accordingly. This is mainly attributable to the Group's exposure to interest rates on its floating rate borrowings which are not hedged. The following analysis shows the Group's sensitivity to interest rate exposure.

	(Increase)/ decrease in the Group's results 2014 RM'000	(Increase)/ decrease in the Group's results 2013 RM'000
Effects on profit before taxation:		
25 basis points	55	64
50 basis points	110	128
75 basis points	165	192
100 basis points	220	256

27. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval from the Head of Credit Control. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, marketable securities and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

Credit risks concentration profile

The Group's concentration of credit risks relates to the amount owing by one major customer which constituted 16% (2013: 13%) of its trade receivables at the end of the reporting period.

The exposure of credit risks for trade receivables as at the end of the reporting period by geographical region is as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Domestic	13,045	20,368
Singapore	1,296	2,546
Europe	716	1,563
Middle East	157	1,046
Indonesia	661	1,040
India	2,646	992
Philippines	596	77
Others	1,854	1,631
	20,971	29,263

As at the end of the reporting period, the maximum exposure of credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

27. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Singapore Dollar, Sterling Pound and Euro.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

Foreign currency risk sensitivity analysis

The sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period with all other variables held constant is as follows:

	(Increase)/ decrease in the Group's results 2014 RM'000	(Increase)/ decrease in the Group's results 2013 RM'000
Effects on profit before taxation:		
USD		
- strengthened by 5% (2013: 5%)	213	138
- weakened by 5% (2013: 5%)	(213)	(138)
SGD:		
- strengthened by 5% (2013: 5%)	65	127
- weakened by 5% (2013: 5%)	(65)	(127)
GBP:		
- strengthened by 5% (2013: 5%)	36	34
- weakened by 5% (2013: 5%)	(36)	(34)
EURO:		
- strengthened by 5% (2013: 5%)	-	44
- weakened by 5% (2013: 5%)	-	(44)

27. FINANCIAL RISK MANAGEMENT POLICIES (continued)

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The debt-to-equity ratios at the end of reporting period was as follows:

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total borrowings	32,565	38,061	57	150
Less: Deposits, cash and bank balances	(7,747)	(3,592)	(276)	(454)
Net debt	24,818	34,469	(219)	(304)
Total equity	68,873	66,501	48,101	47,752
Debt-to-equity	36.03%	51.83%	Not Applicable	Not Applicable

28. SEGMENT REPORTING

The Group is involved in a single industry of manufacturing and trading of office furniture with its operations conducted predominantly in Malaysia, as the property division of the Group had not commenced operations during the financial year.

The Group presents its segment information based on local and exports market segments, which is the basis of presenting its monthly management reports. For each of the market segments, the Group Managing Director reviews internal management reports on a regular basis for performance and resource allocation decisions.

For the financial year ended 31 December 2014, the Group's financial information is analysed by operating segments as follows:

28. SEGMENT REPORTING (continued)

	Manufacturing RM'000	Property RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2014					
Revenue					
Local	33,510	-	1,132	(1,132)	33,510
Exports	72,603	-	-	-	72,603
	106,113	-	1,132	(1,132)	106,113
Results					
Segment results	6,340	(629)	353	(1,132)	4,932
Finance costs	(2,042)	-	(6)	-	(2,048)
Profit/(loss) before taxation	4,298	(629)	347	(1,132)	2,884
Taxation	(514)	-	2	-	(512)
Profit/(loss) after taxation	3,784	(629)	349	(1,132)	2,372
Net assets/ (liabilities) as at 31 December 2014	46,295	(1,075)	48,101	(24,448)	68,873
Other information					
Allowance for doubtful debts	2,307	-	-	-	2,307
Depreciation	5,187	25	69	-	5,281

28. SEGMENT REPORTING (continued)

	Manufacturing RM'000	Property RM'000	Investment holding RM'000	Elimination RM'000	Total RM'000
2013					
Revenue					
Local	42,992	-	2,336	(2,336)	42,992
Exports	54,223	-	-	-	54,223
	97,215	-	2,336	(2,336)	97,215
Results					
Segment results	3,353	(437)	1,725	(2,336)	2,305
Finance costs	(2,173)	-	(11)	-	(2,184)
Profit/(loss) before taxation	1,180	(437)	1,714	(2,336)	121
Taxation	(1,680)	-	(493)	584	(1,589)
(Loss)/profit after taxation	(500)	(437)	1,221	(1,752)	(1,468)
Net assets/ (liabilities) as at 31 December 2013	43,674	(446)	47,752	(24,479)	66,501
Other information					
Allowance for doubtful debts	244	-	-	-	244
Depreciation	5,183	24	70	-	5,277

29. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group acquired property, plant and equipment which were satisfied as follows:

	GROUP	
	2014 RM'000	2013 RM'000
Cash payments	2,726	1,995
Finance lease arrangements	624	2,526
	3,350	4,521

30. NON-CANCELLABLE CONTRACTS

At the financial year end, the commitments in respect of non-cancellable operating lease for the rental of properties and equipments are as follows:

	GROUP	
	2014 RM'000	2013 RM'000
As lessee		
Future minimum lease payments		
- not later than 1 year	140	163
- later than 1 year and not later than 2 years	51	95
- later than 2 years and not later than 5 years	17	51
	208	309

31. CAPITAL COMMITMENTS

	GROUP	
	2014 RM'000	2013 RM'000
Capital expenditure		
Approved and contracted but not provided for:		
- Plant, machinery, tools and moulds	38	87
- Others	-	2
	38	89

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unsecured				
Corporate guarantees given to financial institutions in respect of credit facilities granted to subsidiaries	-	-	84,010	85,763

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables [L&R]

(b) Fair value through profit or loss [FVTPL]

(c) Other financial liabilities [OFL]

33. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

GROUP	Carrying amount RM'000	L&R RM'000	FVTPL RM'000	OFL RM'000
2014				
Non-derivative financial assets				
Trade receivables	20,971	20,971	-	-
Other receivables and deposits	394	394	-	-
Fixed deposits with licensed financial institutions	903	903	-	-
Short term funds	125	125	-	-
Cash and bank balances	6,719	6,719	-	-
	29,112	29,112	-	-
Non-derivative financial liabilities				
Trade payables	11,368	-	-	11,368
Other payables, accruals and deposits received	7,249	-	-	7,249
Borrowings	32,565	-	-	32,565
	51,182	-	-	51,182
Derivative financial liabilities				
Forward exchange contracts	78	-	78	-
2013				
Non-derivative financial assets				
Trade receivables	29,263	29,263	-	-
Other receivables and deposits	568	568	-	-
Fixed deposits with licensed financial institutions	754	754	-	-
Short term funds	122	122	-	-
Cash and bank balances	2,716	2,716	-	-
	33,423	33,423	-	-
Non-derivative financial liabilities				
Trade payables	12,989	-	-	12,989
Other payables, accruals and deposits received	6,212	-	-	6,212
Borrowings	38,061	-	-	38,061
	57,262	-	-	57,262
Derivative financial liabilities				
Forward exchange contracts	70	-	70	-

33. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

COMPANY	Carrying amount RM'000	L&R RM'000	OFL RM'000
2014			
Non-derivative financial assets			
Short term funds	71	71	-
Cash and bank balances	205	205	-
	276	276	-
Non-derivative financial liabilities			
Accruals	57	-	57
Finance lease liabilities	57	-	57
	114	-	114
2013			
Non-derivative financial assets			
Short term funds	69	69	-
Cash and bank balances	385	385	-
	454	454	-
Non-derivative financial liabilities			
Accruals	22	-	22
Finance lease liabilities	150	-	150
	172	-	172

34. FAIR VALUES OF THE FINANCIAL INSTRUMENTS

The fair values of the financial instruments of the Group and of the Company as at 31 December 2014 are not materially different from their carrying values.

35. SUBSEQUENT EVENT

On 12 January 2015, Euroland & Development Sdn. Bhd. has accepted additional three banking facilities amounting to RM30 million, on top of an existing overdraft facility of RM5 million. The banking facilities are secured by corporate guarantee from Euro Holdings Berhad and a parcel of freehold agricultural land. As at the date of this report, the banking facilities which is attached to certain conditions precedent, have yet to be drawndown.

36. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2014 into realised and unrealised profits is prepared and presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with *Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements* as issued by the Malaysian Institutes of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

	GROUP		COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Retained earnings				
- realised	43,271	40,799	3,763	3,416
- unrealised	1,216	1,347	(6)	(8)
	44,487	42,146	3,757	3,408
Less: Consolidation adjustments	(20,062)	(20,130)	-	-
Retained earnings as per financial statements	24,425	22,016	3,757	3,408

Analysis of Shareholdings

As at 22nd April 2015

Authorised Share Capital	:	RM50,000,000.00 comprising 100,000,000 ordinary shares of RM0.50 each
Issued and Fully Paid-Up Share Capital	:	RM40,500,000.00
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

Analysis By Size Of Shareholdings

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
1 - 99	5	0.29	289	0.00
100 - 1,000	1,008	58.50	144,781	0.18
1,001 - 10,000	340	19.74	2,101,582	2.59
10,001 - 100,000	296	17.18	11,150,100	13.77
100,001 - 4,049,999	70	4.06	33,303,248	41.11
4,050,000 and above	4	0.23	34,300,000	42.35
Total	1,723	100.00	81,000,000	100.00

Substantial Shareholders As Per The Register Of Substantial Shareholders

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	18,606,000	22.97
2	Dato' Tong Yun Mong	10,000,000	12.35
3	Tee Wee Sien	10,000,000	12.35

Directors' Shareholdings As Per The Register Of Directors' Shareholdings

		No. of Shares held	
No.	Name of Shareholders	Direct Interest	%
1	Dato' Sri Mohd Haniff Bin Abd Aziz	2,891,000	3.57
2	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	18,606,000	22.97
3	Dato' Tong Yun Mong	10,000,000	12.35

Analysis of Shareholdings (continued)

As at 22nd April 2015

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	%
1	Amsec Nominees (Asing) Sdn Bhd Ambank (M) Berhad for Tee Wee Sien (Zheng Weixian)	10,000,000	12.35
2	Amsec Nominess (Tempatan) Sdn Bhd Ambank (M) Berhad for Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,100,000	10.00
3	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Dato' Tong Yun Mong	8,100,000	10.00
4	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	8,100,000	10.00
5	Dato' Sri Choong Yuen Keong @ Tong Yuen Keong	2,406,000	2.97
6	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Teh Hock Toh	2,302,048	2.84
7	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	2,009,215	2.48
8	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Triways Travel Network (JB) Sdn Bhd	1,584,900	1.96
9	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Dato' Tong Yun Mong	1,500,000	1.85
10	Tew Boo Sing	1,346,500	1.66
11	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling	1,100,000	1.36
12	NLY Development Sdn Bhd	1,066,800	1.32
13	Khong Saw Keng	1,015,200	1.25
14	Tee Yeow	987,800	1.22
15	Chew Chong Kee	955,000	1.18
16	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Sri Mohd Haniff Bin Abd Aziz	881,785	1.09
17	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kian Boon	824,600	1.02
18	Lew Fatt Sin	797,900	0.98
19	Lai Kim Lan	700,000	0.86
20	Tan Soh Gek	571,100	0.70
21	Teo Kwee Hock	548,500	0.68
22	Amsec Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad for Thoo Wy Kit	538,800	0.66
23	Lim Seok Kim	530,000	0.65
24	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Bee Yook	517,700	0.64
25	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Ho Ik Sing	507,400	0.63
26	Richard Bong Ted Siong	500,000	0.62
27	Chang Yew Kwong	491,900	0.61
28	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koon Poh Tat	450,000	0.55
29	Dato' Tong Yun Mong	400,000	0.50
30	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Leong Kin Mun	369,800	0.46
		59,202,948	**73.09**

Group Properties

Registered/ Beneficial Owner	ECM	ESI	ESI	EL
Location	H.S.(D) 86293 No Lot. 178 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 21, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86340 Lot No. 193 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 15, Jalan RP 3 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	H.S.(D) 86280 Lot. No 169 Mukim Rawang Daerah Gombak Selangor Darul Ehsan Bearing postal address: Lot 25, Jalan RP 2 Rawang Industrial Estate 48000 Rawang Selangor Darul Ehsan	GM 974 Lot 2223 Mukim Cheras Daerah Hulu Langat Selangor Darul Ehsan
Description/ Existing use	Industrial land with factory and office building erected thereon	Industrial land with factory and office building erected thereon	Industrial land with factory buildings erected thereon	A parcel of vacant agriculture land
Land area (sq. ft.)	87,123	82,602	210,101	175,602
Built-up area (sq. ft.)	91,385	69,259	108,116 149,406	-
Approximate age of building/Tenure	18 years/Freehold	17 years/Freehold	8 years/ Freehold 4 years /Freehold	Freehold
Net book value as at 31 Dec 2014 (RM'000)	5,604	5,079	32,520	12,139
Year of acquisition/ construction/ revaluation	1996 2004#	1997*	2006 2010	2011

* Revalued
\# The building was constructed in 1996 whereas the land was acquired in 2004.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of the Company will be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor on Thursday, 25 June 2015 at 10.00 a.m. for the transaction of the following businesses:

AGENDA

A Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon.	Please refer to Note A
2.	To approve the payment of Directors' fees amounting to RM208,000 for the financial year ended 31 December 2014.	Ordinary Resolution 1
3.	To re-elect the following Director who retire pursuant to Article 73 of the Articles of Association of the Company:	
	Ms Tan Poh Ling	Ordinary Resolution 2
4.	To re-elect the following Directors who retire pursuant to Article 78 of the Articles of Association of the Company:	
	Dato' Tong Yun Mong	Ordinary Resolution 3
	Mr Kevin Sathiaseelan A/L Ramakrishnan	Ordinary Resolution 4
5.	To re-appoint Messrs Nexia SSY as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Board of Directors to fix their remuneration.	Ordinary Resolution 5

B Special Business

	To consider and if thought fit, to pass the following Resolutions as:	
6.	Authority to issue shares pursuant to section 132D of the Companies Act, 1965	Ordinary Resolution 6

"THAT, subject always to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad ("Bursa Securities") and the relevant regulatory authorities where such approval is necessary, the Directors be and are hereby empowered, pursuant to Section 132D of the Act, to issue shares in the Company at any time until the conclusion of the next Annual General Meeting ("AGM") and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate numbers of shares to be issued does not exceed ten percent (10%) of the total issued share capital of the Company for the time being."

7. Proposed renewal of shareholders' mandate for the Company to purchase its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company pursuant to Section 67A of the Companies Act, 1965 ("Proposed SBB Renewal") — Ordinary Resolution 7

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Securities ("MMLR") and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total of audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.50 each ("EURO Shares") in the Company as may be determined by the Directors of the Company provided that the aggregate number of EURO Shares purchased and/or held as treasury shares pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities at any point in time;

THAT upon completion of the purchase by the Company of its own shares, the Directors are authorised to deal with the EURO Shares in the following manner:-

i) to cancel the EURO Shares so purchased; or

ii) to retain the EURO Shares so purchased as treasury shares for distribution as dividends to shareholders and/or resell through Bursa Securities in accordance with the relevant rules of Bursa Securities; or

iii) combination of (i) and (ii) above;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:-

i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deemed fit and expedient in the interest of the Company to give full effect to the Proposed SBB Renewal contemplated and/or authorised by this resolution."

8. Proposed retention of Independent Non-Executive Director

"THAT, in accordance to the Malaysian Code on Corporate Governance 2012, authority be and is hereby given for Datuk Syed Muhamad Bin Syed Abdul Kadir to be retained as Independent Non-Executive Director until the conclusion of the next AGM of the Company: — Ordinary Resolution 8

9. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
CHONG VOON WAH (MAICSA 7055003)
Company Secretaries

Kuala Lumpur
Date: 29 May 2015

NOTES:

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

1. A member of the Company shall be entitled to appoint one or more proxies to attend and vote at the same meeting. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Act shall not apply to the Company.

2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

3. The Form of Proxy, in the case of an individual, shall be signed by the appointer or his attorney, and in the case of a corporation, shall be executed under its Common Seal or under the hand of its attorney of the corporation duly authorised.

   For the purpose of determining a member who shall be entitled to attend the Eleventh AGM, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 18 June 2015. Only a depositor whose name appears on the Record of the Depositor as at 18 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

4. To be valid, the proxy form duly completed and signed must be deposited at Tricor Investor Services Sdn Bhd, Share Registrar office of the Company at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

5. Explanatory Notes to Special Business:

   a. The proposed Ordinary Resolution 6 is a renewal of the general authority for the Directors to issue shares pursuant to Section 132D of the Act, 1965. If passed, it will empower the Directors of the Company, from the conclusion of this Annual General Meeting to allot and issue shares in the Company up to and not exceeding in total ten per centum (10%) of the issued and paid-up share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority will expire at the next Annual General Meeting of the Company, unless revoked or varied at a general meeting.

      The Company has not issued any new shares under the general authority which was approved at the Tenth Annual General Meeting held on 23 June 2014 and which will lapse at the conclusion of the Eleventh AGM to be held on 25 June 2015.

      The general authority to issue shares will allow the Company to take advantage of any strategic opportunities, including but not limited to, issuance of new shares for purpose of funding investment project(s), working capital and/or acquisitions which require new shares to be allotted and issued speedily and would also save the cost involved in convening a general meeting to approve such issuance of shares.

   b. The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company the authority to purchase its own ordinary shares of up to ten percent (10%) of the issued and paid-up share capital of the Company. Please refer to the Circular to Shareholders dated 29 May 2015 which was circulated with the 2014 Annual Report for more information.

   c. The proposed Ordinary Resolution 8, if passed, will allow Datuk Dr Syed Muhamad Bin Syed Abdul Kadir, to be retained and continue acting as Independent Non-Executive Director of the Company in line with the requirements of Paragraph 3.04 of the MMLR and recommendation No 3.2 of the Malaysian Code of Corporate Governance 2012. The full details of the Board's justifications and recommendations for the retention of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir are set out on page 19 of the Statement of Governance Statement of the 2014 Annual Report.

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Form of Proxy

No. of shares	

I/We ______________________________ I.C. or Company No ______________________
(Full name in block letters)

CDS Account No ______________________ of ______________________________
(Full address)

____

being a member/members of EURO HOLDINGS BERHAD hereby appoint ______________________
(Full name in block letters)

I.C. No. ______________________ of ______________________________
(New and old I.C. No.) (Full address)

____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Eleventh Annual General Meeting of the Company to be held at Green II, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, Off Jalan Tropicana Utama, 47410 Petaling Jaya on Tuesday, 25 June 2015 at 10.00 a.m. or at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to the voting is given, the Proxy will vote or abstain from voting at his/her discretion.

		FOR	AGAINST
RESOLUTION 1	- Approval of the payment of Directors' fees		
RESOLUTION 2	- Re-election of Ms Tan Poh Ling		
RESOLUTION 3	- Re-election of Dato' Tong Yun Mong		
RESOLUTION 4	- Re-election of Mr Kevin Sathiaseelan A/L Ramakrishnan		
RESOLUTION 5	- Re-appointment of Auditors		
RESOLUTION 6	- Authority to issue shares pursuant to Section 132D of the Companies Act		
RESOLUTION 7	- Proposed Renewal of Share Buy Back Mandate		
RESOLUTION 8	- Proposed retention of Datuk Dr Syed Muhamad Bin Syed Abdul Kadir as Independent Non-Executive Director of the Company		

Signed this __________ day of ____________ 2015

____
Signature of Shareholder(s)

Notes:

A. This Agenda item is meant for discussion only as Section 169 (1) of the Companies Act, 1965 and the Company's Articles of Association provide that the audited financial statements are to be laid in the general meeting. Hence, it is not put forward for voting.

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AFFIX
STAMP

THE COMPANY REGISTRAR
EURO HOLDINGS BERHAD (646559-T)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here

EURO™
inspiration at work

Lot 21 **Wisma Euro**
Lot 15 **EURO II**
Lot 25 **EURO III**

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